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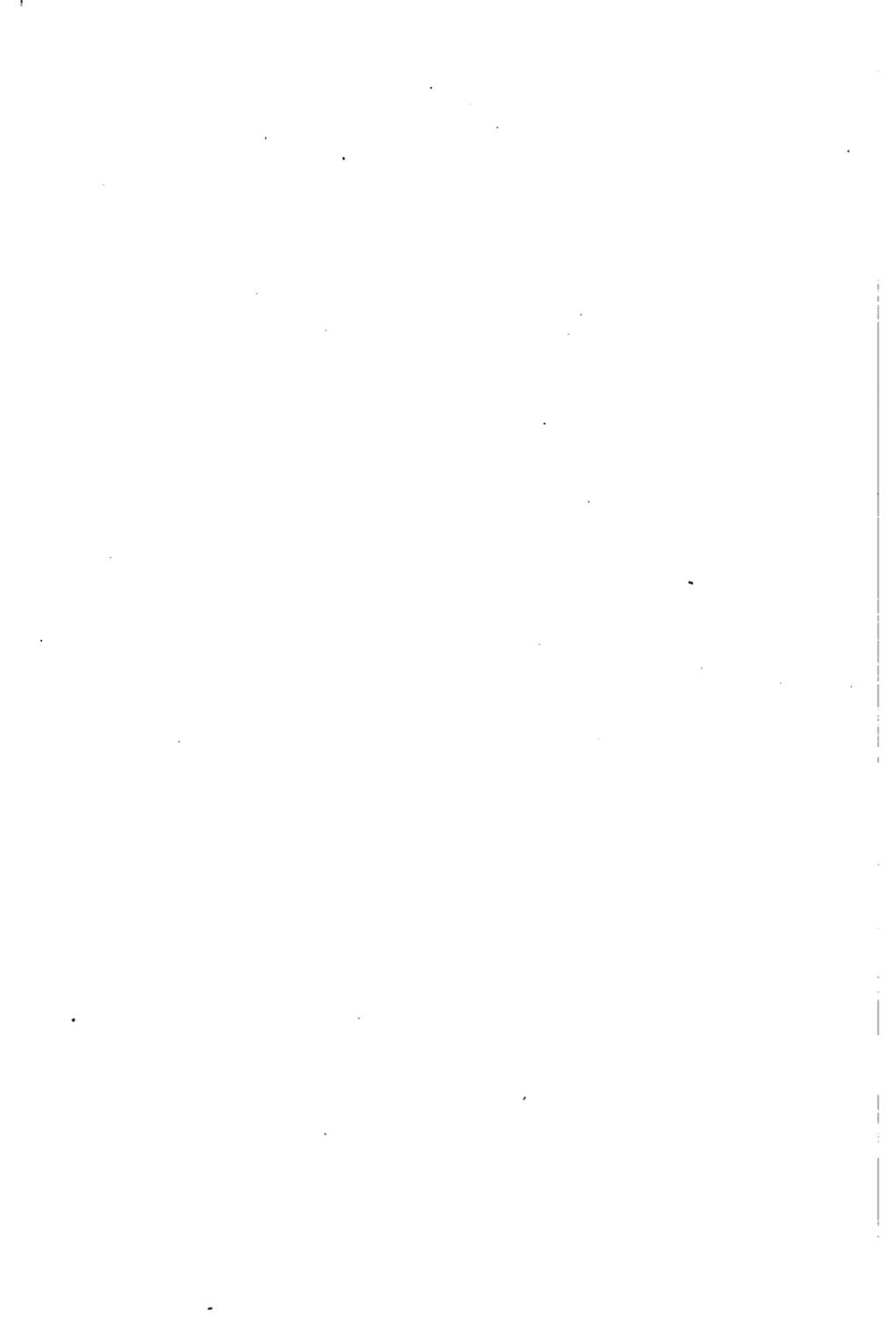
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TRADING WITH LATIN AMERICA



TRADING WITH LATIN AMERICA

HOW TO SELL GOODS : EXPORT POLICIES : METHODS
CREDITS : FINANCING : DOCUMENTS
COLLECTIONS : DELIVERIES

BY
ERNEST B. FILSINGER



IRVING NATIONAL BANK
WOOLWORTH BUILDING NEW YORK

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C. S. T.
R. C. Adams
12-27-26

FOREWORD

THE need for a permanent export trade has come to be nationally recognized. The commercial and industrial isolation which, in the past, has distinguished certain countries from the rest of the world no longer is possible. The markets of the world are disposed to demand consideration from sources of supply of products manufactured and raw, regardless of where they are found. Facilities of communication and transportation have been developed to such an extent that distance between product and market no longer need embarrass commercial transactions between the people of different lands.

National finance and national credit now realize that much of their strength must be derived from relations with commercial sources outside the United States, and business communities have learned that their best interests will be served by an arrangement in which foreign and domestic trade will work together smoothly and harmoniously.

The inducements which Latin America offers to the American manufacturer and exporter are unusually attractive. Its geographical situation—its diversity of climate, people and products—the generally undeveloped condition of its industries—all mark it as the particular field in which national effort

FOREWORD

toward the extension of our foreign trade may find most proper expression.

This volume has been produced in the hope that it may be helpful to our friends in the following classes :

Those already trading extensively with Latin America and possessing complete facilities—for them it may serve as a useful handbook.

Those doing business in Latin America but whose facilities are not fully complete—for them it may serve as a guide.

Those desiring to enter the Latin American field but who lack the information required for an intelligent start—for them it may form the beginning of a course of study in Latin American trade.

Those who may have only a friendly interest in trade between the United States and Latin America—

To all of these we present it with our compliments and in the hope that it may express at least a part of the intention which has prompted its publication.

IRVING NATIONAL BANK

CONTENTS

	PAGE
ADVERTISING—ITS PRINCIPLES AND USE	
Advertising Valuable—General Purpose—Advertising Campaigns —Expert Advice—All Kinds Used—Underlying Principles— Other Factors—Kinds Desirable—Assisting Dealers.....	106-109
 AMERICAN BANKS IN LATIN AMERICAN TRADE	
General Character—Trade Knowledge—Documentation—Warehousing—Foreign Trade—Additional Services—Adaptation.....	36-37
 AMERICAN CONSULS	
Important Advice—Where Located—General Organization—Consular Aid—Other Duties—Things Forbidden Consuls—Correspondence with Consuls—Prepaid Postage—Consular Aid to Salesmen—Catalogues Sent Consuls—Samples Sent to Consuls—Visiting Officials	15-18
 ANALYZING LATIN AMERICAN TRADE POSSIBILITIES ✓	
Policy Indispensable—Viewpoint Essential—Important Factors—Effect of Location—Conditions to Realize—Other Obstacles—Manufacturing Adaptability—Allotments—General Outlook...	5-8
 BANKING AND FINANCIAL CONDITIONS	
Understanding Fundamentals—Underlying Conditions—General Resources—Monetary Units—Monetary Systems—Units of Value—General Banking—Banking Methods—Capital Represented—Some Figures—European Banks—Banking Methods—Other Functions—War's Effects—Sterling Exchange—Very Salable—Dollar Exchange—Savings Effected—Branches of American Banks	29-34
 BUREAU OF FOREIGN AND DOMESTIC COMMERCE	
Activities—Commerce Reports—Statistics—Tariffs—General Information—Special Publications—List of Publications—Latin-American Division—Branch Offices of Bureau—War Data	18-21

CONTENTS

	PAGE
BUYERS AND BUYING CONDITIONS	
Buying Conditions—Wholesale Importers—Merchant Agents—Importing Retailers—Small Retailers—Importing Agents—Other Buyers—Government Business—Public Works—Individuals—Mining Companies—Miscellaneous Companies—Transportation Companies—Nationalities—Characteristics—The Latin American Type—Latin American Traits—The Merchants—Personal Relations—Miscellaneous Suggestions	47-50
CATALOGUES—THEIR PREPARATION AND DISTRIBUTION	
Catalogues Very Important—How Catalogues Serve—Catalogues Inspire Confidence—Giving References—Preparation of Catalogue—“Point of View”—Frequent Supplements Advisable—Languages Important—Durability of Catalogues—Catalogue Contents—Details of Description—Weights, Sizes, Measurements—Illustrations Important—Directions for Use—Coding Catalogues—Sales Arguments—Inaccurate Descriptions—Aids for Importers—Distribution of Catalogues—Shipping Catalogues in Bulk—Duties on Catalogues—Correspondence with Catalogue—Miscellaneous Literature.....	93-98
CLASS, TECHNICAL AND TRADE JOURNALS	
Increasing Number—General Value—Subscribers and Readers—Advertising Rates	103-104
CLIMATIC CONDITIONS	
Chief Divisions—Mountains and Rivers.....	24-25
CODES	
Cable and Telegraphic.....	163
COMMERCIAL CONDITIONS IN ARGENTINA, BRAZIL, PARAGUAY AND URUGUAY	
General Remarks—Best Locations for Agencies—Additional Places —Best Routes—Best Time to Visit—Chief Resources—Mineral Resources—Inhabitants—Per Capita Imports—Goods in Demand	159-161

CONTENTS

PAGE

COMMERCIAL CONDITIONS IN MEXICO

Best Locations for Agencies—Best Routes—Best Time to Visit—Chief Resources—Mineral Resources—Inhabitants—Per Capita Imports—Goods in Demand.....	145-146
--	---------

COMMERCIAL CONDITIONS IN CENTRAL AMERICA

Countries Considered—Locations for Agencies—Best Routes—Best Time for Visits—Chief Resources—Mineral Resources—Inhabitants—Per Capita Imports—Commercial Travelers' Licenses—Customs Duties on Samples—Goods in Demand.....	147-149
---	---------

COMMERCIAL CONDITIONS IN CHILE, PERU AND BOLIVIA

General Remarks—Best Location for Agencies—Best Routes—Best Time to Visit—Chief Resources—Miscellaneous Industries—Goods in Demand—Inhabitants.....	153-155
---	---------

COMMERCIAL CONDITIONS IN VENEZUELA, COLOMBIA, ECUADOR

General Remarks—Best Locations for Agencies—Best Time for Visit—Chief Resources—Miscellaneous Industries—Inhabitants—Best Routes—Per Capita Imports—Goods in Demand.....	156-158
--	---------

COMMERCIAL TRAVELERS AND AGENTS

Direct Agents—Finding Salesmen—What to Exact—Developing Salesmen—Preparatory Efforts—Equipment—Wardrobe—Introductions—Miscellaneous Documents—Other Requisites—Sample Trunks—Customs Preparations—Traveling Expenses—Sales Campaigns—Salesman's Function—"Follow Up"—Salesman's Reports—Consideration to Salesmen—Local Salesmen—Employment of Local Agents—Arranging Territories—Other Precautions—"Del Credere"—Advertising Assistance—Samples Under Bond—Technical Details—Clearance Papers—Clearance Information—Travelers' Taxes—Travelers' Routes—Passports	60-69
---	-------

CORRESPONDENCE

Correspondence with Latin America—General Character—Forms of Letters—Translations—Technical Terms—Time for Replies—"Postage Due"—Circular and Form Letters—The English Language—Good Sales Talk—Effective Correspondence—Technical Descriptions—Typists and Stenographers—Collecting Accounts—Collection Methods—Collection Agencies—Compromising Disputes	87-91
--	-------

CONTENTS

PAGE

CREDIT CONDITIONS

Information Available—Changing Conditions—Foreign Terms—American Terms—Credit Conditions—Character of Risks—Reports Available—Nature of Reports—Sources of Information—Salesmen's Reports—Open Accounts—Errors—Government Credit	37-41
--	-------

CUSTOMS AND METHODS

Business Customs—Salesmen's Methods—Legal Formalities—Legal Proceedings—Government Contracts	51-52
--	-------

DISPATCHING SHIPMENTS

Dispatching Shipments—Freight Rates—Miscellaneous Aid—Caution Required—Express and Parcel Business—Fees Charged—Ocean Freight Rates—"Primage"—Rates for Ocean Freight—Minimum Charges—Dispatching Documents—Economical Routing—Freight Prepayment—Forwarding Routine.....	126-131
---	---------

DOCUMENTS—FINANCIAL

Why Important—Bank Credit—Negotiable Documents—Documentary Drafts—Clean Drafts—Drafts "D. A." and "D. P."—Presenting Drafts—Acceptance Charges—"To Order" Documents—Export Credits—Import Credits.....	134-137
--	---------

DOCUMENTS—FORWARDING AND COLLECTING

Drafts for Discount—Forwarding Drafts—Instructions with Drafts—Non-Payment—Special Clauses—Interest Charge—Exchange—Commission Charges	137-139
--	---------

DOCUMENTATION FOR SHIPMENTS

Proper Invoicing—Supplying Details—Requirements—Numbering and Coding—Signing Invoices—Consular Invoices—Consular Requirements	132-133
---	---------

"DON'TS"

About Latin American Trade.....	164-165
---------------------------------	---------

DRAFTS AND ACCEPTANCES

Drafts Negotiable—Where Negotiable.....	139-140
---	---------

CONTENTS

	PAGE
EXPORT COMMISSION HOUSES AND EXPORT MERCHANTS	
Export Commission Houses—Distinctive Functions—"Indents"—Export "Brokers"—Their Services—Represents Manufacturers—Other Activities—Operations of Export Houses—Export House Branches—Causes of Growth—Methods of Development—Selecting Export Houses—Definite Arrangements—Assisting Export Houses—Preventing Disagreements—Special Adaptability—Resident Buyers—Difficulties and Complaint—Export House Difficulties—Export Agents—Their Activities—Engaging Export Agents—Aiding Agents—Salary Arrangements.....	70-78
EXPORT DEPARTMENT—HOW ORGANIZED	
Its Needs—Organization—Managers' Qualifications—Developing Managers—Engaging Managers—Supervision	57-59
EXPORT AND FOREIGN TRADE JOURNALS	
General Character—How Export Journals Serve—Proofs of Results—Purpose of Advertisements—Effective Advertisements..	102-103
EXPORT LIBRARY	
Suggestions for an.....	162-163
FILLING ORDERS, PACKING AND MARKING	
Small Orders Important—System—Promptness—Comply With Instructions—Packing—Packing Information—Important Considerations—Additional Dangers—Packing for Mule Back—Protection Against Moisture—Waterproof Cases—Shapes and Sizes—Rust Damage—High Tariffs—Different Goods—Correct Weights—Weights Required—Useless Packing—Prime Materials—Miscellaneous "Don'ts"—Proper Marking—Stenciling Cases—Consecutive Numbering—Consignee's Marks.....	119-125
FOREIGN AND AMERICAN TRADE METHODS	
European Methods—Special Features—Emigration Encouraged—Indifference Detrimental—Expert Knowledge—American Successes—How Trade Is Won.....	44-46
GOVERNMENT AID	
General—Foreign Trade Advisers—Their Activities—Commercial Attachés—Special Agents—Samples—Arbitration—International High Commission.....	13-15

CONTENTS

	PAGE
HELPS TO TRADE	
Special Packages—Proper Display—Metric System—Nationality—Supplying Extras and Duplicates—Omitting Brands.....	80-82
HOW TO SELL	
Many Methods—How to Sell—Traveling Salesmen—Local Agents—General Agents—Combination Travelers—Export Houses—Export Agents—Foreign Export Houses—Comprehensive Plans—Combination Representatives—Advantages of Combinations—Kindred Lines—Directing Representatives—Sales Combinations—Co-operative Action—Export Corporations—Combination Agencies—Export Office—Latin American Agencies—Calculating Expenses—Export Manager—Business Organizations.	53-57
INFORMATION—WHERE OBTAINABLE	
Books of Reference—Miscellaneous Books—Other Assistance—Official Sources—American Consuls—The Pan American Union...	9-10
INSURANCE—MARINE—PILFERAGE—DAMAGE—WAR	
Its Importance—Possible Losses—Responsibility Important—Pilferage or Damage—Miscellaneous Damage—War Risks—Various Policies—Open Policies—Handling Certificates—General Average—Free of Particular Average—Obtaining Rates—Placing Insurance—Claims	141-144
LATIN AMERICA—AREA AND POPULATION	
What It Comprises—Area and Population.....	22-24
LATIN AMERICAN COINS AND THEIR EQUIVALENT IN U. S. CURRENCY	
Values of Foreign Coins.....	35
LATIN AMERICAN NEWSPAPERS	
General Character—Class of Readers—Circulation.....	104-105
LIST OF BUYERS	
Avoiding Waste—Avoidable Losses—Preparing Lists—Obtaining Names—American Consuls—Verifying Names.....	99-101

CONTENTS

	PAGE
MAIL ORDER TRADE	
Present Business—Future Outlook—Best Fields—Buyers by Mail —Beginning Business—Obtaining Names—The Catalogue— Terms—Surtaxes—Packing	110-112
MERCANTILE BUILDINGS	
Mercantile Buildings—Small Town Stores—Latin American Markets	50-51
MISCELLANEOUS MAGAZINES	
Their Character—Their Readers—Buyer's Guides.....	105
MISCELLANEOUS SOURCES OF INFORMATION	
Trade Bodies—Foreign Trade Organizations—Chambers of Commerce—Export Journals—Magazines—Trade Papers—House Organs—Express Companies—Governmental Publications— Banks	10-13
NATURAL RESOURCES	
Natural Resources—Agriculture—Cattle Industry—Mineral Wealth —Conditions Differ—Foreign Influences—Immediate Opportunities—Exports and Imports—Comparative Figures.....	25-28
PARCEL POST	
Its Usefulness—Small Packages—Samples — Registration — Insurance—Customs Clearance—Difficulties to Overcome—Parcel Post Regulations	112-114
PRICES, TERMS AND DISCOUNTS	
Clearness Important—Attractive Prices—Definite Acceptance Period—Discounts Important—Separate Quotations—Retail Prices	83-84
QUOTATIONS IN GENERAL	
European Quotations—“F. O. B.” Quotations—“F. A. S.” Quotations—“C. I. F.” (Costs, Insurance, Freight) Quotations—“C. I. F. and E.” Quotations.....	84-86
SALES PLANS—FACTORS INFLUENCING THEM	
Important Factors—Complying with Instructions—Patience Necessary—Meeting Conditions—Adaptation—Granting Terms—Expense—Buying Power—Making Changes.....	42-43

CONTENTS

PAGE

TARIFFS

Effect on Importations—Study of Tariffs—Meeting Conditions— Sources of Information—Possible Effect of Tariff Upon Sale of Merchandise—Above Considerations Intimately Related— Purpose of Tariff—Surtaxes—Careful Descriptions Essential —Information for Declarations—Variation in Tariff Laws— Preferential Tariffs	115-118
--	---------

TECHNICAL TRANSLATIONS

Technical Translations Important—Obtaining Translators—General Principles—Other Aids—Expense of Translations.....	91-92
--	-------

TRADE MARKS

Trade Marks Valuable—Basis of Business—Colors Desirable—Reg- istration Important—Laws Imperfect—Arranging Registration —How to Find—Trade Mark Procedure	79-80
--	-------

WAR TRADE BOARD

Location of Bureaus—Branch Offices—Journal of War Trade Board	20-21
--	-------

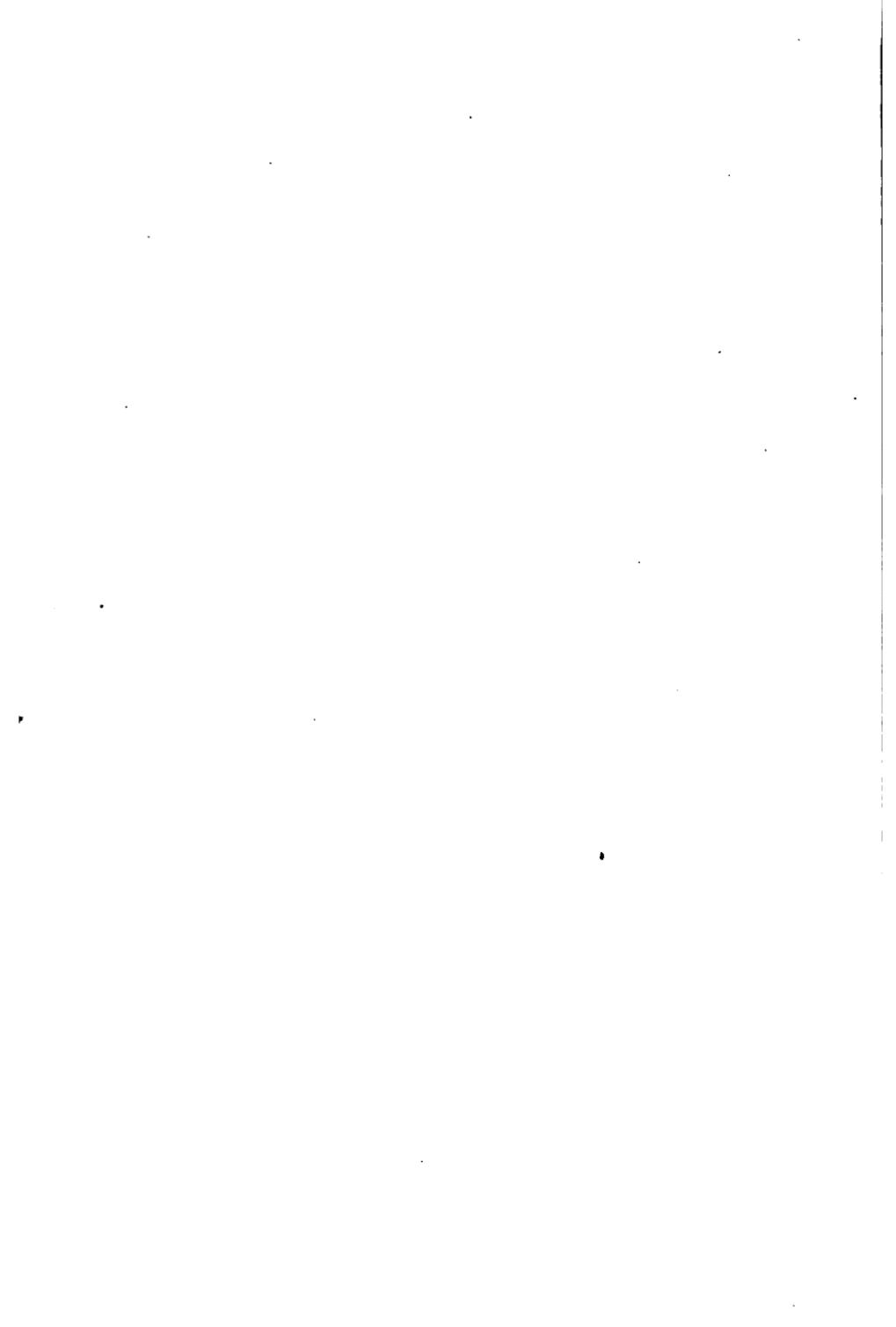
THE WEST INDIAN ISLANDS—CUBA, SANTO DOMINGO, HAITI

General Relation—Locations for Agencies—Best Routes—Best Time for Visit—Chief Resources—Inhabitants—Per Capita Imports —Commercial Travelers' Licenses—Customs Duties on Samples —Goods in Demand.....	150-152
---	---------

TRADE STATISTICAL TABLES

Imports and Exports of Latin America in Commerce with the United States, Great Britain and France	166-168
--	---------

TRADING WITH LATIN AMERICA



Trading With Latin America

Analyzing Latin-American Trade Possibilities

In order to appreciate the commercial possibilities of Latin America, a knowledge of fundamental conditions is essential. Trade can be developed effectively only with a thorough knowledge of the following facts:

- (a) Physical conditions.
- (b) Exact location with relation to the United States and competitive nations, particularly distances between North American ports and those in Latin America.
- (c) Geographical and climatic conditions, altitudes, etc., within the individual countries.
- (d) Conditions of the inhabitants, with special reference to per capita purchasing power.
- (e) Means of transportation to and within the republics, port conditions, etc.
- (f) Principal industries, manufactures, agricultural and mineral products, and exports.
- (g) Most efficient means of obtaining maximum volume of sales.
- (h) Tariffs in effect.
- (i) Laws concerning commerce, etc.

All of these factors must be considered in relation to their effect upon exports to Latin America.

Policy Indispensable. The proper conduct of Latin American trade requires a well-defined policy. This can be determined only after careful analysis. The policy adopted must be flexible and, above all, capable of concrete application to the varying conditions that experience will reveal.

TRADING WITH LATIN AMERICA

Viewpoint Essential. In connection with the foregoing, the American business man must get the right viewpoint. The fullest measure of success cannot be attained without it. Unless it is possible to understand the fundamental conditions which affect commercial transactions in the Southern Republics and adapt to them American methods, the ultimate upbuilding of a satisfactory volume of trade is practically impossible.

Important Factors. Business methods in Latin America are rooted deeply in tradition, custom, etc. The influence of economic laws resulting from certain political conditions, materially affect the situation. To an extent which the American sometimes fails to realize, climate, geographical situation, and consequently transportation, exercise a marked influence. The effect of tariffs, the agricultural or mineral development, and the extent to which commerce has advanced are other features that must be considered. They will explain many unusual requests and orders.

Effect of Location. Latin America presents many startling contrasts. The state of mind or outlook of a merchant in a remote settlement in the interior is entirely different from that of an importer in a thriving city as highly developed as Buenos Aires. The underlying principles for the conduct of business are the same in both cases, but their application is quite another matter. The culture, and even the civilization, of such dealers is distinctly different.

Conditions to Realize. When the American exporter can definitely visualize the situation of the merchant who sends him an order, the difficulties disappear. Among other things, he will take into account the situation in which his customer finds himself. He will first consider his location. He will know what must be done if he lives in a tropical, temperate, or cold climate; in an isolated, remote, undeveloped community, or highly organized, keenly competitive modern city; whether able to avail himself of direct steamship facilities, with modern wharfs, discharging immediately to a railroad, or whether a series of methods of

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transportation, possibly including steamboat, canoes or animal transportation, are necessary.

Other Obstacles. The American exporter also must consider other difficulties which may beset his customers. Among these—whether the Government, both of the municipality and of the nation is capable, honest and efficient, or backward, corrupt and accustomed to interfere with business. And, lastly, whether the tariff restrictions are great, or whether only a simple revenue system is enforced. The latter would obviate the necessity of special packing to overcome the difficulties imposed by unfavorable tariff laws; these may be based on gross weights, necessitating packing of the very lightest weight possible.

Manufacturing Adaptability. A study of the trade conditions in Latin America will impress the American manufacturer with a grave defect in many manufacturing plants. This is their lack of versatility. In order to provide the units required by Latin American importers (including size, qualities, etc.) methods of production must be given greater flexibility. Manufacturing processes for domestic needs must be planned with relation to export requirements. The added flexibility will make more likely the winning of foreign markets.

Allotments. In many lines of manufacture, the principle of allotting a definite percentage of output for export, must be adopted. If this is not done, filling of orders becomes a matter of chance. Foreign trade cannot be won, and held against competitors, without service. The Latin American dealer must be convinced that he can depend upon the American manufacturer for deliveries. When this principle is established, the price frequently is a secondary consideration.

General Outlook. While a large percentage of American exports in recent years were undoubtedly due to the conditions created by the European war, the increase of trade with Latin American republics was not in proportion to existing op-

TRADING WITH LATIN AMERICA

portunities. Whether the growth shall be continuous or whether the ground that has been won shall be lost, is entirely dependent upon the attitude and efforts of American manufacturers. American business men who do not regard foreign trade seriously and ignore fundamental requirements destroy the opportunities of their fellow merchants who take a correct view of their obligations toward foreign buyers. Superficial effort should be discouraged; the laying of a sound foundation is of vital importance.



Information—Where Obtainable

Books of Reference. In studying Latin American trade conditions, books of reference will be found very helpful. These usually are available at all public libraries; in addition, business organizations for foreign trade have the more important ones. These are: Encyclopedias, atlases, commercial geographies and gazetteers. In addition, valuable information may be found in "The South American Year Book," "Statesmen's Year Book," "Argentine Year Book," "Brazilian Year Book," "Mexican Year Book," etc. A good atlas should be kept in every office; the "map habit" should be encouraged to the end that there may be greater familiarity with places.

Miscellaneous Books. Books relating to individual Latin American countries or to Latin America in general also are helpful. They often give an excellent idea of social, political, and geographical conditions. These, likewise, may be obtained at most public libraries and at more important book stores.

Other Assistance. Other aids for the study of Latin American trade possibilities may be had from numerous sources. These vary in character and are briefly described below. It should be remembered that no one source of information is to be depended upon exclusively; facts should be gathered from every possible quarter. See page 162 for list of important books on export matters.

Official Sources

These are as follows: The Bureau of Foreign and Domestic Commerce, of the Department of Commerce, Washington, D. C., is of the greatest importance to commercial interests. If no branch office of the Bureau is accessible, correspondence and inquiries should be addressed to the Bureau. For a detailed outline of its activities see page 18.

TRADING WITH LATIN AMERICA

American Consuls. The consular representatives of the United States in the various Latin American republics obtain much information relating to trade and commerce in their districts. Ordinarily they may be addressed regarding commercial problems, but the matter should first be submitted to the Bureau, as the information desired already may be available. However, their assistance is valuable. See page 15 for an outline of the work of American consuls.

The Pan American Union. This institution is located in Washington, D. C., and is very active in supplying information regarding the Latin American republics. It has been of great value in extending American commerce in the southern countries and in making the latter better known in the United States. The Union is under the leadership of Hon. John Barrett, a pioneer in Latin American trade development. The organization is supported by the twenty Latin American republics and the United States of America.

Miscellaneous Sources

Trade Bodies. Many organizations, of varied character, are aiding in extending North American commerce with Latin America. They are of two general kinds: Those devoted exclusively to foreign trade, and those which maintain foreign departments for the convenience of their members. Chambers of Commerce are usually in this category.

Foreign Trade Organizations. These are such bodies as the Philadelphia Commercial Museum, American Manufacturers' Export Association, National Association of Manufacturers (Foreign Trade Division), etc. A very important body which concerns itself with the larger phases and policies of foreign trade, is the National Foreign Trade Council, located in New York. The latter organization has published numbers of very interesting and valuable monographs on the subject of exporting in its larger phases.

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Chambers of Commerce. An increasing number of such associations are adding foreign trade departments to render specific aid to their members. Some of these are: Merchants' Association of New York; Pittsburgh Foreign Trade Commission; Massachusetts State Industrial Commission, Boston; Chicago Association of Commerce; Chamber of Commerce, St. Louis; Detroit Chamber of Commerce; Chamber of Commerce of the United States, Washington, D. C.; Chamber of Commerce of New York, Chambers of Commerce of San Francisco and Los Angeles, California; Cleveland, Ohio, etc.

Export Journals. Trade papers and magazines, as well as exclusive export journals, long ago recognized the importance of the Latin American market. From these may be obtained not only valuable data, but names of dealers and definite information regarding trade conditions. Among the export journals may be mentioned "The American Exporter" (editions in English, Spanish, Portuguese, French); "El Comercio"; "La Hacienda;" "Export American Industries" (English, Spanish, French and Portuguese); "Dun's International Review" (English and Spanish); "Export Trade and Exporter's Review"; "Commercial America" (English and Spanish), of the Philadelphia Commercial Museum and "Importers' Guide." In the American editions articles on the development of commerce between the United States and Latin America frequently appear.

Magazines. A number of magazines devoted to Latin America, publish papers relating to commerce, trade conditions and business opportunities. Some of these are: "The Pan American Bulletin," published by the Pan American Union; "The Pan American Magazine," the "South American," and "El Norte Americano," "The Pictorial Review," and "La Revista del Mundo," (Spanish edition of The World's Work). There are also a number of important journals published in Europe and South America which deal with commercial matters. Among these are "The Review of the River Plate," and "The South American Journal," London.

TRADING WITH LATIN AMERICA

Trade Papers. Certain trade papers now publish Latin American editions. Some of these also conduct a foreign trade service for their advertisers. Typical examples are: "The Shoe and Leather Reporter," Boston; "The Boot and Shoe Recorder," Boston; "The Dry Goods Economist," New York; "The Engineer and Contractor" ("El Ingeniero y Contratista"), New York; "El Arte Tipografico," New York. These may all be asked for information.

House Organs. These are published by a number of important institutions. Some of these may be obtained gratis by application to the publishers. They contain articles of interest relating to foreign trade conditions. Among them are: "The Weekly Bulletin" (annual subscription \$5.00), of the Philadelphia Commercial Museum; "Semi-monthly Bulletin," of the National Association of Manufacturers. R. G. Dun & Co. issue a monthly called "The World's Markets" and the "American Exporter" publishes a "Weekly Bulletin"; both of these organs contain much valuable information. Other journals circulated in foreign countries are published by various institutions and also are of value and interest. Typical of this group is the "Exporters and Importers Journal," published by Henry W. Peabody & Co., also "The Export Monthly," published by Arkell & Douglas, and "The Export World and Herald," published by American Trading Co.

Express Companies. Much valuable information concerning many phases of Latin American trade also may be obtained from the express companies which maintain foreign departments, have branch offices and correspondents in Latin American countries and publish bulletins relating to export trade. Foreign freight agents of certain railroad companies also can aid inquirers. The Southern Railway Company and allied lines at Chattanooga, Tennessee, conduct an active propaganda. This is an example of the intensive work being done by private corporations to assist foreign trade extension.

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Governmental Publications. These will be found particularly useful as means of study. There are hundreds of pamphlets, books and reports, many of which are free, while others cost very little. They have been written by experts, commercial attaches, consuls, and special agents. A complete list of the publications may be had by addressing: Superintendent of Documents, Government Printing Office, Washington, D. C. The list is sent gratis.

Banks. Financial institutions which make a specialty of foreign business maintain foreign departments which, in some instances, are highly organized. By application to these institutions valuable information may be obtained. Special arrangements also may be made for confidential investigations of a private nature into market possibilities. Under some conditions representatives or local agents are obtained, credit information is supplied and important services are extended to manufacturers' travelling salesmen.

Government Aid

General. The government, through its several Bureaus, aids American businessmen to increase their trade with foreign countries. The Bureau of Foreign and Domestic Commerce is not alone in this important work. The Department of State, through ambassadors, ministers, commercial attaches, consuls general, consuls, special agents and foreign trade advisers, extends useful service.

Foreign Trade Advisers. This Bureau is the commercial office of the Department of State. The foreign trade advisers bear a quasi-diplomatic relation to commerce. It is their function to take up with foreign embassies the subject of matters relating to trade.

Their Activities. The Foreign Trade Advisers obtain information regarding the securing of concessions from foreign governments; assist in obtaining rebates for possible overcharges in

TRADING WITH LATIN AMERICA

foreign customs houses; aid in obtaining information regarding business affairs which require diplomatic co-operation; undertake consideration of commercial treaties and policies. They have much to do with analyzing the effect of legislation upon foreign commercial treaties and relations.

Commercial Attaches. These are appointed to foster trade development abroad. Their duties include the analysis of trade problems and other commercial questions. They also are expected to keep in constant touch with business developments in their districts, and to report on efforts being made by foreign nations to obtain trade there. The commercial attaches are attached to our embassies or legations, but work directly under the Department of Commerce and supervision of the Bureau of Foreign and Domestic Commerce.

Special Agents. These are selected to make special investigations regarding the possibilities of American trade in certain lines. They are chosen preferably because of their knowledge of conditions in the particular line of business which they are delegated to investigate. They usually confine their studies to certain countries. When necessary they buy samples of foreign goods which compete with American products. The results of their investigations are published in "The Special Agents' Series." (Superintendent of Documents—Government Printing Office—Washington, D. C.)

Samples. The Bureau of Foreign and Domestic Commerce has assembled a collection of foreign-made goods, which may be seen in the New York Custom House. Most of these have been forwarded by special agents or commercial attaches. Whenever possible (provided the articles are not too bulky), samples are sent to American manufacturers for their inspection.

Arbitration. Facilities for the arbitration of disputes which arise in trade between businessmen of Argentina and those in the United States now have been provided. Through an agreement between the Chamber of Commerce of the United States and

IRVING NATIONAL BANK NEW YORK

the Bolsa de Comercio of Buenos Aires, Argentina, disputes now may be referred to a joint committee of arbitration. This method affords an easy means of settling differences which may arise. Details may be had by addressing the Chamber of Commerce of the United States, Washington, D. C. This is an unofficial body.

International High Commission. This body, a development of the First Pan American Financial Congress in Washington, in 1915, has sought to increase commerce among the American republics by obtaining protection for patents, trade-marks and copyrights, uniform regulations for commercial travelers, improved postal rates and service, better shipping facilities, etc. Progress along many lines was reported at the Second Financial Congress in Washington, in January, 1920.

American Consuls

Important Advice. In building trade with Latin American countries, manufacturers can count on the hearty co-operation of American consuls, as well as the agents of the Bureau of Foreign and Domestic Commerce. It will be found worth while frequently to consult with the agents of the Bureau in the branch offices. If they are not easily accessible inquiries should be addressed to the Bureau at Washington. In many cases information that may be desired already has been compiled for others, hence much needless correspondence can be avoided by acting on this suggestion.

Where Located. Consuls are found in practically every city of any importance in Latin America. In some places consular agencies have been established, subject to the instructions of the nearest consul. A complete list of consuls is given in the "Exporters' Encyclopedia," or may be obtained from the Department of State.

General Organization. In most countries there is a Consul General; to him report the consuls; in places of minor importance application for assistance may be made to

TRADING WITH LATIN AMERICA

consular agents. Other commercial service is rendered by the commercial attaches; besides these the work of special agents also may be considered.

Consular Aid. The work of American consuls has many phases.

This book concerns itself only with trade extension, hence the activities of consuls in other directions need not be considered. A prime requisite is that consuls make a thorough commercial survey of their district, not only with reference to the possible field of American sales opportunities, but especially in the matter of assisting the sale, in the United States, of the products of the country to which they are accredited.

Other Duties. In addition, the gathering of data regarding investment opportunities, supplying plans for the construction of public works, etc., are an increasingly important phase of their work. When opportunities arise which make possible a sale of American products, consuls submit reports, which are transmitted by the Bureau of Foreign and Domestic Commerce to manufacturers concerned. The efficient American consul is usually well informed regarding trade conditions and business affairs generally, throughout his field.

Things Forbidden Consuls. Manufacturers should not resent the refusal of American consuls to give information of a private or confidential nature regarding the methods of payment, the capital, or credit of houses established within their jurisdiction. They are compelled to return without action any claims that may be sent them. They are not permitted to do anything which might cause resentment either of the officials or citizens of the country to which they are accredited. They are forbidden to show favoritism of any kind in their work.

Correspondence With Censuls. When correspondence is absolutely necessary the letters or inquiries should be such that the correspondence need not be long drawn out. It is desirable that every question be simply stated. The practice of preparing a form letter and sending it to all consular representatives

IRVING NATIONAL BANK NEW YORK

cannot be condemned too strongly. Conditions in different places are so dissimilar that the sending of such communications entails needless work by consuls. If a matter of trade opportunities is being discussed, all possible information regarding the manufacturer, his product, prices, discounts, deliveries, and general ability to handle export business, should be fully demonstrated.

Prepaid Postage. Great care should be taken to insure that letters are fully prepaid. If short paid, the fine for double the amount must be paid by the consul. When letters require answers, return postage need not be enclosed inasmuch as communications relating to trade matters are forwarded through the Department of State.

Consular Aid to Salesmen. The first visit that an American commercial representative abroad should make after arrival in a city, is to the American consul. Although the consul may not be able to render concrete aid, it is more than likely that he can give some suggestions which may prove valuable. In the routine of consular business, information regarding the sale of goods may develop, and this likewise can be communicated to the representatives of American houses. Of extreme interest is the ease with which an American salesman, who brings good letters to the consul, can gain entree to the best society, and be introduced to the officials of commercial organizations. Such courtesies are invaluable.

Catalogues Sent Consuls. The indiscriminate sending of catalogues to American consuls should be condemned very strongly. The effectiveness of catalogues sent to consuls is largely dependent upon the activity and attitude of the individual consul. Certain consuls are glad to distribute a reasonable number of catalogues. Catalogues thus sent invariably must be accompanied by price list and discount sheets, together with information regarding sales arrangements. They should be in the language of the country. In a contrary event, they are just so much waste paper.

Samples Sent to Consuls. Occasionally well meaning, but not fully informed American manufacturers, without inquiry, send samples of their products to consular representatives. In doing so they neglect to provide for the duty, which in many countries is exacted even on small sample shipments. Such distribution of samples should not be made without obtaining, in advance, all the facts regarding this feature, and making provision for possible expenses.

Visiting Officials. Manufacturers will find it advisable to confer with the numerous representatives of the government who, from time to time, return to the United States. These are either consuls, consuls general, commercial attaches, commercial agents, or special agents. They can render very valuable assistance to businessmen by reason of their field experience. By personal conference it often is possible to obtain information which might not suggest itself otherwise, or concerning which it would be difficult to correspond.

The Bureau of Foreign and Domestic Commerce

Activities. In developing business with Latin America the manufacturer should use the service of this organization in every possible way. The extent to which this can be done depends upon many factors. The following outline will give an idea of its activities.

Commerce Reports. The Bureau issues a daily publication called "Commerce Reports," (annual subscription \$2.50, Government Printing Office, Washington, D. C.). This contains data which are collected by consuls in all parts of the world. Changes relative to foreign tariffs also are announced therein. One page is devoted to "Trade Opportunities," which are requests for agencies, representation or direct information concerning the sale of American goods. Announcements of needs by certain government departments also are published.

IRVING NATIONAL BANK NEW YORK

Statistics. The commerce and trade of a country can be gauged to some extent by an analysis of figures showing imports and exports. These statistics are available for the general public. The Bureau compiles and publishes frequent tables of exports and imports, not only of the United States but of foreign countries.

Tariffs. The Bureau maintains a foreign tariff department. Laws relating to tariffs, etc., are collected and frequently published in special bulletins, and in "Commerce Reports." Inquiries also may be addressed to the Bureau regarding particular phases of Foreign Tariffs.

General Information. Specific information regarding the possibility of sale in foreign countries of American products is supplied by the Bureau upon application. This service is entirely free.

Special Publications. The Bureau publishes the information collected by special agents, consuls, commercial attachés, etc. These publications concern many products and phases of commerce, and may be had at varying prices. Application for a list of these documents may be made to the Superintendent of Documents, Government Printing Office, Washington, D. C. The list is free.

List of Publications. Application for the lists of reports, price lists, etc., may be made to the Superintendent of Documents, Government Printing Office, Washington, D. C. This list is free. The cost of the reports is insignificant. The chief publications are the following:

- (1) "Commerce Reports."
- (2) Supplements to "Commerce Reports."
- (3) Special Agents Series.
- (4) Special Consular Reports.
- (5) Tariff Series.
- (6) Statistical Publications.
- (7) Directories of Latin American Countries.
- (8) Miscellaneous Series.

TRADING WITH LATIN AMERICA

Latin-American Division. Special departments, each devoted to the interests of a certain part of the world, have been established. Among these are the Latin-American Division, the Far Eastern Division and the Russian Division. These co-ordinate the activities of the Bureau in all matters relating to the territories in question, act as official representatives in promoting foreign commerce, answer inquiries regarding trade conditions in the countries within their field and maintain a staff whose members will interview manufacturers whenever they desire information.

Branch Offices of Bureau. These are located in the following cities:

District Offices:

New York, 734 Custom House.

Chicago, 1424 First National Bank Building.

Boston, 1801 Custom House.

St. Louis, 402 Third National Bank Building.

New Orleans, 1020 Hibernia Bank Building.

San Francisco, 307 Custom House.

Seattle, 848 Henry Building.

Co-Operative Offices:

Cleveland Chamber of Commerce.

Philadelphia Chamber of Commerce.

Cincinnati Chamber of Commerce.

Los Angeles Chamber of Commerce.

Chattanooga, Southern Railway System, South American agent.

Portland (Ore.) Chamber of Commerce.

Dayton, Ohio, Greater Dayton Association.

Southern Railway, Cincinnati, 96 Ingalls Building.

War Data Available. During the war it became a matter of prime military importance to obtain dependable information about all the neutral countries and all the principal business houses in each. This task was undertaken by various co-operating agencies, including the consular service. The work brought together and classified for immediate use a mass of facts and figures of great commercial value. It also developed new methods of ex-

IRVING NATIONAL BANK NEW YORK

pediting investigation as well as new standards of personal efficiency and responsibility.

Compiling Statistics. To much of this information and to many of these new and effective methods, the Bureau of Foreign and Domestic Commerce has fallen heir. It now is engaged in classifying and condensing the war data obtained in such form that it can be made of use in the furtherance of our international trade. When this work has been completed, a long step will have been taken toward co-ordinating the work of all government agencies which can be made to contribute to the up-building of our foreign commerce.

Trade Clearing House. The Bureau then will be placed in the position of a clearing house for compiling and publishing the valuable trade and business information now scattered through the files of the various government departments in Washington and elsewhere which heretofore have been difficult of access because of a lack of central authority over information sources.

Agents Help Trade. The offices of the Bureau are in charge of agents who gladly answer inquiries regarding foreign trade problems. Complete files of government publications are maintained in each office and may be consulted and purchased there. In addition, the directories of the more important Latin American countries also are on file.

Latin America—Area and Population

What It Comprises. Latin America consists of twenty countries. These are:

Argentina	Costa Rica	Honduras	Peru
Bolivia	Cuba	Mexico	Salvador
Brazil	Ecuador	Nicaragua	Santo Domingo
Chile	Guatemala	Panama	Uruguay
Colombia	Haiti	Paraguay	Venezuela

The Island of Porto Rico is a territory of the United States, and therefore is not included. However, it might be considered in studying trade conditions in the southern republics, business there being conducted along somewhat similar lines.

Population and Area. These are as follows (figures necessarily approximate):

<i>Argentina</i>	9,300,000	Chiefly Mestizos (descendants of Spanish native intermixture); foreigners, about 2,300,000, of which majority are Italians and Spanish. There are some Indians.
Area (sq. miles)	1,139,979	
<i>Bolivia</i>	2,890,000	Mestizos, 550,000; whites, 250,000; Indians, 1,750,000; Wild Forest Indians, 130,000; balance miscellaneous.
Area (sq. miles)	708,195	
<i>Brazil</i>	25,500,000	Whites, 13,260,000; mixed (whites, negroes, etc.), 6,630,000; negroes, 2,295,000; Indians, 3,315,000.
Area (sq. miles)	3,295,300	
<i>Chile</i>	4,000,000	Whites, 1,000,000; Mestizos, 2,800,000; Indians, 200,000.
Area (sq. miles)	292,100	
<i>Colombia</i>	5,500,000	Whites, 550,000; Mestizos, 2,750,000; Indians, 550,000; negroes, 1,650,000.
Area (sq. miles)	435,278	
<i>Costa Rica</i>	460,000	Almost all whites; some Mestizos; negroes, about 26,000; Indians, 5,000.
Area (sq. miles)	18,691	

IRVING NATIONAL BANK NEW YORK

<i>Cuba</i>	2,630,000	Whites, 1,841,000; Mestizos, 447,-
Area (sq. miles)	44,164	100; negroes, 341,900.
<i>Ecuador</i>	1,900,000	Mestizos and whites, 700,000; Indians, 700,000; balance, miscellaneous.
Area (sq. miles)	116,000	
<i>Guatemala</i>	2,020,000	Mestizos and whites, 700,000; Indians, 1,300,000; balance miscellaneous.
Area (sq. miles)	48,290	
<i>Haiti</i>	2,030,000	Whites, 5,000; negroes, 1,827,000; mixed, 198,000.
Area (sq. miles)	10,200	
<i>Honduras</i>	650,000	Mestizos and whites, 450,000; Indians, 200,000.
Area (sq. miles)	46,250	
<i>Mexico</i>	15,500,000	Whites, 3,000,000; Mestizos, 7,500,000; Indians, 5,000,000.
Area (sq. miles)	767,097	
<i>Nicaragua</i>	700,000	Whites and Mestizos, 400,000; balance, Indians, negroes, etc.
Area (sq. miles)	49,532	
<i>Panama</i>	450,000	Whites and Mestizos, 320,000; negroes, 67,000; miscellaneous, 63,000.
Area (sq. miles)	32,380	
<i>Paraguay</i>	800,000	Nearly all Mestizos and whites; about 25,000 forest Indians.
Area (sq. miles)	122,000	
<i>Peru</i>	4,500,000	Whites, 585,000; Mestizos, 1,125,000; Indians, 2,700,000; balance, miscellaneous.
Area (sq. miles)	683,321	
<i>Salvador</i>	1,300,000	Mestizos, 850,000; whites, 230,000; Indians, 220,000.
Area (sq. miles)	13,176	
<i>Santo Domingo</i>	657,275	Chiefly Mestizos. Indian and negro blood largely represented.
Area (sq. miles)	19,325	
<i>Uruguay</i>	1,450,000	Chiefly Mestizos and whites; good percentage of Europeans; Indians, 100,000.
Area (sq. miles)	72,172	
<i>Venezuela</i>	2,850,000	Mestizos and whites, 2,000,000; Indians, 550,000; negroes (and mixtures), 300,000.
Area (sq. miles)	393,976	

NOTE: The term "mestizo" means a mixture of races. Mestizos have resulted from the intermarriage of Spanish or Portuguese set-

tlers with the natives. There are many degrees of purity. The complexion of Mestizos varies greatly—some being very swarthy or dark, while others are much lighter.

Climatic Conditions

Climatic Conditions. These affect Latin American trade very materially. They are influenced not alone by latitude, but also by the height above sea level. They must be studied in connection with each individual republic to determine their effect on commercial possibilities. Snap judgment should never govern decisions regarding trade openings. Every place which it is contemplated to enter should be investigated to determine exactly its climatic situation.

Chief Divisions. The principal climatic divisions are as follows:

- (a) *Hot Tropical Lowlands.* These are found in a large part of Latin America. The islands of Cuba, Santo Domingo and Haiti naturally are in this category. They also comprise the coasts of Mexico on both the Atlantic and Pacific sides, likewise the republics of Central America. In South America they extend from Colombia to Argentina on the Atlantic, and from Panama to Ecuador on the Pacific. The width of the zone varies, but in a number of the countries the mountains begin not far from the coast.
- (b) *Semi-Tropical Region.* This is coexistent with the Tropical Zone and marks the beginnings of the elevated regions. In some cases it results from elevation and in some from latitude, as the southern part of Chile.
- (c) *Arid Region.* This region includes a considerable part of Northwest Mexico and the long, narrow strip of the west coast of South America. It includes the Andes region of Ecuador, Peru, Chile and Bolivia.
- (d) *Interior Swampy Region.* This embraces a considerable part of Brazil, Peru, Bolivia. It is not generally inhabited and is marked by vast forest growths of a jungle nature.

IRVING NATIONAL BANK NEW YORK

(e) *Temperate Region.* This characterizes the uplands of Mexico, Central America, the highlands of Colombia, Ecuador, Bolivia, Peru, Chile and Venezuela. The southern part of Brazil, all of Argentina, Paraguay and Uruguay also are included in the Temperate Zone.

Mountains and Rivers. These, together with plains and valleys, exercise a marked influence on geographical, consequently commercial, conditions. Chief among the mountains are the Sierra Madre ranges in Mexico and Central America, and the Andes Mountains in South America. Among the rivers may be mentioned the Amazon, Orinoco, Magdalena and La Plata. Still other factors are winds and ocean currents, notably on the west coast of South America. The interior of Argentina is typical of the plains.

Natural Resources

Natural Resources. These profoundly influence international trade. Their analysis is important to determine prospects, both from import and export standpoints. The development of resources makes a demand for tools, machinery, implements, supplies, and, of greatest importance, for capital. Exports create a need for railways and other means of transportation, miscellaneous supplies, etc. Furthermore, the development of resources contributes materially to a country's wealth, affecting the economic condition of the inhabitants, and, in turn, influencing importations. The chief resources are as follows: Agricultural (tropical and temperate), Forestal Products, Livestock, Mineral Wealth, Water Power.

Agriculture. In most of the countries agriculture is the chief source of wealth. This applies to those wholly tropical, as well as to those lying in the temperate regions. Although modern methods have widely replaced more primitive ones, there still is a vast field for development. The use of the most economical implements, agricultural machinery, etc., creates an enormous opportunity

TRADING WITH LATIN AMERICA

for the American manufacturer. This applies to the methods used in cultivating both tropical and temperate products. Among the greatest sources of wealth in tropical agriculture are sugar, coffee, rubber, cacao, medicinal products, etc. Every product of the temperate zone, including the fruits, is known in Latin America.

Cattle Industry. This is one of the greatest sources of wealth in Latin America. The vast tracts of land suitable for grazing make South America one of the chief sources of the world's supply of meat, hides, skins, and animal products. Goats, sheep, hogs, etc., can be successfully raised. The fur and skins of wild animals will become an increasingly important article of export in a number of the countries. Packing plants, which require implements and tools, as well as miscellaneous supplies, afford growing opportunities for American manufacturers.

Mineral Wealth. Mining has been one of the most important industries of the Latin American republics since its earliest days. Although enormous amounts of silver, gold, copper, tin, zinc, and other metals have been removed from the mines, the outlook for the future is even brighter than in the past. Mining operations require quantities of machinery, tools, etc. In addition, the building of railways and the construction of other means of transportation will be greatly influenced; this development will necessitate many articles of American manufacture.

Conditions Differ. It already has been remarked that conditions in the Latin American countries differ greatly. This factor must invariably be recognized in considering the outlook for exports. Furthermore, within the same republic frequently may be found a most extraordinary difference in the economic situation of the inhabitants. The per capita imports and exports afford an excellent index to the general character of the possibilities from the commercial standpoint. In order to arrive at a real knowledge of conditions an analysis of the population, of foreign investments, of imports and exports in relation to the population, is indispensable.

IRVING NATIONAL BANK NEW YORK

Argentina, Brazil, Chile and Uruguay should be contrasted with Guatemala, Haiti, and Santo Domingo; the difference will at once be apparent.

Foreign Influences. In certain of the countries foreign influence is very marked. This is especially true of Argentina, Brazil, and Chile, in which the investments of English capital are exceedingly heavy. In all of these countries other European nations have made great efforts to win trade, and many enterprises are dominated by their nationals. A peculiarity of this situation is that certain lines of commerce are largely in the hands of merchants of certain nationalities. Thus railways are largely operated by British, the dry goods business is largely French, the grocery and liquor lines Italian and Spanish, etc., etc. Practically all of these merchants are greatly aided by the establishment of banks, conducted by their own countrymen, who naturally favor all enterprises in which their nationals are concerned.

Immediate Opportunities. These exist in every one of the republics. There are not only opportunities for supplying the manufactures which were obtained in Europe before the war, but there is a great volume of business available which may be called permanent in character. An analysis of the statistics, showing the general exports to Latin American countries, will reveal those in which the prospects are particularly bright. However, the future of American trade with Latin America also will be influenced by the increasing population (births and immigration), development of the resources of the different countries and the improving economic status of the inhabitants. The wise manufacturer will lay a firm foundation for trade that will be lasting in character even though it may not be especially rapid in growth.

Exports and Imports. The total commerce between the United States and Latin America in the calendar year of 1919 reached the unprecedented sum of \$2,253,558,234, as against \$1,792,251,737 in the previous year. This was a gain of approximately 26%. Exports from the United States to Latin

TRADING WITH LATIN AMERICA

America during 1919 reached \$934,754,929, as compared with \$685,711,344 in 1918, or an increase of more than 36%. Imports amounted to \$1,318,803,305, as against \$1,106,540,394, a gain of \$212,262,912, or 19%. These figures are an index to the possibilities of Latin American commerce.

Comparative Figures. The following table shows the imports of Latin America from the United States, the United Kingdom and France in the last year before the war and the latest years for which figures are available:

	Total imports	United States	United Kingdom	France
1913.....	\$1,321,861,199	\$330,915,267	\$322,757,575	\$109,954,670
Per cent.....	100	25.03	24.42	8.32
1917.....	\$1,196,807,216	\$703,230,308	\$164,285,293	\$39,229,071
Per cent.....	100	58.76	13.73	3.28
1918.....	\$1,326,639,783	\$685,711,344	\$257,392,313	\$57,349,426
Per cent.....	100	43.45	16.31	3.63

For the same years, the exports of Latin America reached the following figures:

	Total exports	United States	United Kingdom	France
1913.....	\$1,552,750,952	\$477,939,264	\$329,803,547	\$124,137,411
Per cent.....	100	30.78	21.24	7.99
1917.....	\$2,095,818,801	\$1,055,675,191	\$432,108,735	\$168,087,048
Per cent.....	100	50.37	20.61	8.02
1918.....	\$2,372,048,324	\$1,106,540,393	\$626,309,557	\$168,470,233
Per cent.....	100	46.65	26.40	7.10

Later statistics show a great gain in the volume of trade between the United States and Latin America since 1918. (See the tables on pages 166, 167 and 168.)

Banking and Financial Conditions

Understanding Fundamentals. If American business men in general understood the financial conditions of the Latin American republics, many of the problems which arise in connection with business there would more easily be solved. Necessity for a study of the basic conditions is evident when the plans of European nations for extending their own trade with Latin America are taken into account. The delegates to the Pan American Financial Congress emphasized this phase of the question, and a study of the report of the proceedings of that conference can be recommended.

Underlying Conditions. The present state of the finances and banking systems of Latin America has been brought about by many factors. First, many of the republics, although possessed of great natural wealth, have been sadly lacking in capital. In the second place, agriculture has been depended upon for the creation of wealth. As a natural result, great sums of money have been needed, inasmuch as the agricultural classes had to be financed from season to season. In the third place, financial legislation frequently has been unwise, and sometimes men who obtained office by questionable means turned to their own advantage the resources of the government. However, despite these handicaps the progress of Latin America, as a whole, has been very remarkable.

General Resources. While much of Latin American wealth has been due to agriculture (both of the temperate and tropical variety), the cattle industry, especially in Argentina, has been an important factor. In addition, minerals in vast quantities have existed in many of the republics, and the exploitation of these deposits likewise has added materially to the national wealth. With increasing population and the development of these resources there has come as a natural result a rapid growth of railroads, steamship lines,

TRADING WITH LATIN AMERICA

public works, etc. National wealth has been used wherever possible, but much foreign capital has been necessary.

Monetary Units. One of the chief reasons for the backward financial condition of certain Latin American countries has been their unfortunate systems of currency. In the republics where this condition has been remedied the advance has been marked. It is also noteworthy that the most rapid improvement in business conditions occurred immediately after the gold basis was adopted by the republics.

Monetary Systems. The chief standard is the gold, which is in use in all the countries except Guatemala and Honduras. These Republics hold to the silver standard. Silver is in circulation in most of the countries as a subsidiary coinage. The paper currencies in some of the countries of Latin America are almost constantly fluctuating to a greater or lesser degree. In other countries it fluctuates occasionally but in certain others is fairly constant. Chile is an example of the countries referred to in the first class, Brazil of the second class and Argentina of the third.

Units of Value. The United States Government issues quarterly tables of units of value in the Latin American countries. While exchange naturally varies materially, the establishment of dollar exchange has enabled the Latin American merchants to make definite calculations for payments of their purchases in the United States. (See page 35 for table.)

General Banking. Native capital is represented in almost all the financial institutions of Latin America. However, there has not been enough money to take care of the actual requirements of commerce. Crops require financing; this is especially the case in the great coffee producing regions and is felt in lesser degree throughout the agricultural districts in general. Money is high—interest rates running from 8% up, and 12% is not uncommon. Banks, as a rule, have paid good dividends, and although they have been quite liberal in credits, generally have been prosperous.

IRVING NATIONAL BANK NEW YORK

Banking Methods. Merchants in most places have arranged with banks for a certain credit to be extended to them. Against this credit they are permitted to draw. The co-operation characteristic of American banking circles is lacking and competition is keen. Business men often have opened accounts in several banks and in this manner obtained large lines. Checks are not as common as in the United States, and actual money is employed to a far greater degree than in North America. The possibility of good profits has served to attract foreign capital to every republic of Latin America. This capital has had a vital effect on the banking situation.

Capital Represented. European nations long since recognized that the extension of foreign trade was largely dependent upon the export of capital. This movement began in the early 1800s, and the Latin American countries were recognized as particularly desirable fields. Since 1870 English capital, in particular, has poured into South America. The investments were used principally for railway construction, development of agricultural resources, the building of public works, such as wharves, docks, etc., and the creation of banks. Other European nations closely followed the British. Today foreign capital includes investments made by German, French, Spanish, Italian, Belgian, Dutch, Austrian, and Portuguese interests. Latterly the Japanese have been getting a foothold, particularly in Brazil.

Some Figures. As an indication of the extent of European investments in the southern republics may be cited the following figures. They represent an estimate of the investment of British capital in all Latin American countries up to the end of 1913 (South American Journal, London, January 7, 1917).

Argentina.....	\$1,788,703,305	Colombia.....	\$ 33,270,470
Brazil.....	1,119,476,375	Honduras.....	15,718,000
Mexico.....	807,621,945	Paraguay.....	14,978,650
Chile.....	319,691,185	Ecuador.....	13,904,870
Uruguay.....	230,726,965	Salvador.....	11,123,500
Cuba.....	222,223,090	Nicaragua.....	6,195,500
Peru.....	128,291,400	Bolivia.....	2,089,800
Guatemala.....	52,226,100	Shipping.....	76,811,150
Venezuela.....	39,750,045	Banks.....	92,572,685
Costa Rica.....	33,300,300	Total.....	\$5,008,678,135

TRADING WITH LATIN AMERICA

European Banks. As a direct result of the investment of European capital came European banking institutions. These served a double purpose; they safeguarded the interests of foreign investments and incidentally helped to care for the growth of trade with European countries. The British, French and others were quick to see that by aiding their countrymen in financing local projects they could directly influence the placing of orders with the manufacturers of their respective nations. Because of their knowledge of basic conditions they were able to give definite advice regarding the financial condition of merchants and to guide the general trend of commerce.

Banking Methods. The conditions which had to be faced by the European banks were entirely different from those which prevailed at home. In the first place they did not attempt to depend exclusively upon the making of loans for their profits; they took advantage of every opportunity to increase their gains. Thus they engaged in commercial ventures; they not only bought and sold for their own account goods and products but likewise underwrote the issues of securities, local, state and national, which they themselves marketed. They were accustomed to finance the farmers, making advances against crops which they sometimes bought outright or obtained by other means.

Other Functions. In numerous instances European banks undertook the representation of manufacturers or represented on a commission basis foreign steamship lines, railroad companies, insurance companies, etc. The fluctuations in exchange also were turned to good account, the exchange being something with which they could speculate. Interest rates were high and money could be loaned on long time with comparatively little risk as prime securities were insisted upon.

War's Effects. The outbreak of the European war of 1914 resulted seriously in most of the Latin American countries. This was due to the fact that the majority of the republics had looked to Europe for their financing. It was to the belligerent coun-

IRVING NATIONAL BANK NEW YORK

tries that a very large percentage of their raw products had been shipped. With the markets suddenly cut off, the declaration of moratoria and the resulting panic in financial circles, the situation became a very serious one. Fortunately, within a comparatively short time adjustments to the new conditions were made, exporters found new customers for their consignments, and the return of prosperity in the United States made possible an increasing demand for many of the chief sources of Latin American wealth. The high prices which prevailed throughout the world also aided materially.

Sterling Exchange. Until United States laws permitted American banks to accept drafts in dollars covering exports and imports, sterling exchange was the generally accepted means for payment of the obligations of Latin American importers. Those who have investigated the banking conditions in southern countries understand why this was the case. The development of England's financial power was such that the most advantageous means of making settlements was by the purchase of the bill on London.

Very Salable. This bill always has been salable at a relatively close margin between buying and selling rate. This was not so in regard to New York exchange, which in many markets was not quoted at all and the margin between buying and selling was considerable. Now that the dollar exchange has been established, such is not the case.

Dollar Exchange. In order to make possible the issuance of bills of exchange on the United States which might be sold to advantage by the merchants of other countries, it was necessary to supply a market for such bills on the same basis as sterling exchange in London. This was accomplished by the passage of the Federal Reserve Act, which permitted American banks to establish branches in Latin American countries and also permitted the rediscount by the banks of acceptances covering the shipment of merchandise to and from the Latin American republics, as well as other foreign markets.

American Banks in Latin American Trade

General Character. The most progressive American banks are now specializing in the handling of Latin American trade. Their operations are materially different from what they were some years ago. The average business man has no conception of the many functions which the important national bank performs. The following may give an idea of these activities and lead to an appreciation of its part in Latin American trade development.

Trade Knowledge. The bank is not content with knowing only its own business. It has in its employ men who are intimately acquainted with the conduct of trade in general. As a result, business men may approach the bank with the problems peculiar to their business (including exporting) and may expect to receive the counsel and information which only a specialist can give. This applies with particular force to matters concerning the development of commerce with the southern republics.

Documentation. The preparation and execution of documents peculiar to commercial practice is a subject upon which bank officials are unusually well informed. The progressive institution frequently aids in the shaping of the legislation which facilitates commerce. Frequently, as a consequence, its employees may be consulted regarding the technique of documents, not only in domestic, but in foreign trades as well. This service is particularly valuable because of the exactions of Latin American customs officials.

Warehousing. Transactions involving millions are handled in the ordinary course of business. The routing of shipments, the warehousing of goods or consignments, purchase on commission of the great staples, either for domestic or foreign shipment, are a part of the bank's routine. Latterly, especial attention has been given to Latin American trade matters.

IRVING NATIONAL BANK NEW YORK

Foreign Trade. A thoroughly modern bank makes the development of foreign, and particularly Latin American trade, a specialty. This is not alone in the matter of obtaining credit information regarding foreign buyers. It finances transactions by discounting drafts; it sells "dollar exchange"; its general foreign exchange business is of enormous volume. It helps its clients to obtain agents; it markets consignments of foreign products; it acts as the representative of foreign bankers; it aids in underwriting the loans of foreign governments, the construction of public works, and the financing of miscellaneous projects for which American capital is needed. Its transactions in acceptances are of large volume.

Additional Services. When necessity arises the modern bank helps its customers to obtain special reports regarding trade conditions in foreign fields. It may even undertake, through subsidiary companies, the marketing of American products. Its letters of credit are an important feature. Its business in the securities of public service, railroad and other companies in foreign countries is of increasing importance. Its sales of foreign government bonds also are large. It introduces the representatives of American manufacturers to correspondents in foreign countries, and checks the credit of merchants called upon.

Adaptation. The rapidly changing conditions in Latin American trade development have been recognized by the more progressive banks. The methods which were followed by European institutions to develop their system of international finance are being adapted to American customs. Banking practice which has been found most profitable and advantageous by other nations is being utilized by many American banks, which proves their right to eminence in international finance by their broad general outlook and policy.

Credit Conditions

Information Available. Much ignorance has existed regarding credit conditions in the Latin American countries. This misunderstanding of the financial situation has been

one of the chief drawbacks to the more rapid growth of our commerce in Latin America. Fortunately, the truth concerning credit conditions is becoming more widely known and the difficulties surrounding the introduction of new lines in the southern republics are becoming considerably less. Credit men in the United States are learning that it is not a difficult matter to obtain accurate information upon which to base credits, and that thousands of importers in the southern countries are as worthy of credit as are well established, successful merchants in the United States.

Changing Conditions. Numerous changes have been caused in Latin America by the European war. Although its immediate effect was disastrous in the case of many importers who had relied upon Europeans for financial accommodation, its ultimate effect was to place business upon a more solid foundation. Latin Americans not only learned to depend more largely upon themselves and their own capital, but they learned also that certain features of the European system, which had seemed specially attractive, were beset with dangers.

Foreign Terms. The time granted by European houses had, in some instances, led to over-extension. European concerns in general, but especially German houses, extended long terms—120 to 180 days—and if payments could not be made at maturity, additional time was granted. In certain countries this led to abuses which were brought to a climax by the war; many failures resulted.

American Terms. In most cases American houses have preferred to sell either against documents or upon shorter time than have their European rivals. As is pointed out above, the commission houses usually extend very liberal credits, but expect drafts to be paid at maturity—30, 60 and 90 days' sight. Open accounts are not encouraged, except in the case of large manufacturers who deal direct, and the tendency even with them is to use the acceptance. American manufacturers who, without distinction, require cash against documents before goods leave New York City

IRVING NATIONAL BANK NEW YORK

serve to seriously handicap the extension of American commerce. Investigation often will show that it would be perfectly safe to extend reasonable credits.

Credit Conditions. In Latin America credit conditions differ materially from those prevailing in the United States. Generally speaking, capital is insufficient for the needs of commercial interests and the development of natural resources. Merchants in many places are compelled to extend credit to planters, and as agriculture is one of the chief resources, the dealers have to make heavy outlays before they can realize thereon. Another marked difference is the necessity for investing heavily in freight and duty before the merchandise can be put on sale. In some countries the duty, assessed on ad valorem basis, averages as much as 50 or 60 per cent of the cost of the merchandise. These factors naturally make it desirable for the merchants to obtain all the time possible, hence their desire for long credits.

Character of Risks. The general character of credit risks is good. Latin Americans of the best class have a high regard for their credit, and expect to meet their obligations. Unfortunately, in many cases, because of the monetary system, exchange fluctuates greatly, and merchants who otherwise might meet their bills and acceptances promptly, delay their settlements in order to minimize the losses which would result from payment on days when exchange would be particularly disadvantageous. There is complaint in some quarters (from export commission houses in particular) that some of the Latin American dealers unnecessarily abuse their correspondents in the matter of non-payment of accepted drafts. This, like other abuses must be guarded against.

Reports Available. Reports concerning Latin American firms are not difficult to obtain. Were it not for the time that occasionally is required to get these, the process would not be essentially more difficult than in the United States. Investigations of all risks should be made at frequent intervals. Changes which may seriously affect the customer frequently occur.

Nature of Reports. Latin American credit reports differ materially from those issued in the United States. They frequently are lacking in detail, but nevertheless are valuable. A thorough understanding of the Latin American system will make it clear that, when a financial institution or prominent concern indicates its approval of a credit risk by a few words, it is sufficient. Such institutions are loath to go into details and will hesitate to make more than a short statement regarding the reliability of a merchant.

Sources of Information. Reports relative to Latin American houses may be obtained from practically the same sources as those in the United States. They are as follows: (a) American banks having correspondents in Latin America; (b) foreign or American houses, whose names are given as reference, or noted by the salesman; (c) mercantile agencies (Bradstreet Company and R. G. Dun & Co.); (d) foreign banks with whom Latin Americans have filed their references; (e) banks or financial institutions in the Latin American country where orders originate; (f) home office of American bank with branch in Latin America; (g) business organizations, such as the Philadelphia Commercial Museum, the American Manufacturers' Export Association, the National Association of Manufacturers; (h) exchange service conducted by the National Association of Credit Men, and other bodies; (i) express companies with foreign departments; (j) foreign trade papers, journals, etc.

Salesmen's Reports. The reports of salesmen regarding the credit standing of their customers are very important and should be insisted upon. A salesman, by making inquiries on the ground, can obtain facts which otherwise would not be available.

Open Accounts. Credit on open account must be given to some extent in certain of the Latin American countries because the custom already is in vogue there. American exports to Latin America, in many lines, will not reach their maximum until American houses are willing to grant as favorable terms as their competitors. In many instances open credit may be extended with

IRVING NATIONAL BANK NEW YORK

no more unpleasantness than the extension of credit against documents incurs. However, it should be the custom of the salesman to make clear the terms which are granted, in order to prevent subsequent misunderstandings. If this is done without giving offense, there should be no difficulty in obtaining payment later at maturity and with little, if any, delay.

Errors. Many errors in extending credit are due to the fact that good judgment is not shown in opening the accounts. The small retail merchant should be solicited only after the salesman has assured himself of his ability to pay promptly. The difficulties of legal collection already have been pointed out, hence firms of doubtful credit should be left to those who can keep close watch, particularly local wholesalers or export houses. In too many cases the insufficient capital of the retailer makes him chronically slow.

Government Credit. This varies quite to the same extent as that of mercantile houses. Many Latin American republics not only are able to pay but can command discounts. In the case of others it is necessary to be cautious. Particularly is this so in the matter of local and state governments. The manufacturer who obtains business from these sources should satisfy himself beforehand as to the manner in which he is to be paid. A local representative may or may not be the best judge—this depending exclusively upon the man. If it is necessary to accept bonds in payment of supplies, material or contracts, their marketability should be considered carefully. Bankers who specialize in foreign securities are usually good judges of such credit.

Sales Plans—Factors Influencing Them

Important Factors. The factors which influence a decision relative to entering the Latin American markets are numerous. They must be considered in connection with a study of trade opportunities along the lines outlined in the preceding paragraphs. Upon these depend the possibility of successful trade development. They may be summarized very briefly as follows:

Complying With Instructions. A willingness to comply with instructions is essential. Success is practically impossible unless there is a disposition to treat Latin American trade seriously and to attend conscientiously to minute details. Export business should not be considered as a temporary expedient.

Patience Necessary. Prospects, both immediate and future, must be considered. Time is often required to develop a substantial volume of business. If large, quick results are expected, disappointments may follow.

Meeting Conditions. The obstacles to be overcome also must have attention. Certain difficult local conditions may have to be met. Regulations relating to packing, shipping and interior transportation may have to be faced. If these are not taken into consideration, difficulties may arise.

Adaptation. Sales plans and methods must be adapted to conditions. These differ in various countries and localities. Unless the manufacturer is willing to conform, it is best not to make an attempt to win the trade. A most dangerous policy is to take a "flyer" in foreign business.

IRVING NATIONAL BANK NEW YORK

Granting Terms. Terms occasionally are an important factor.

They should be considered in relation to the exporter's capital to guard against over-extension. Generally, however, financing can be arranged to suit the convenience of all concerned.

Expense. The cost of doing business varies in relation to the extent of territory covered, its distance from the United States and the methods employed. In this connection the different means of selling must be very carefully studied. Profitable and satisfactory sales may be made by certain methods when others would prove undesirable even in the same country.

Buying Power. Demand for an article is due primarily to its adaptability to market requirements. This is influenced very often by the economic condition of the population. Possible sales must be studied in relation to the percentage of the people who are able to buy the articles in question. Mere figures of population must not be accepted as the sole index. Consider the table on page 22.

Making Changes. Changes may be necessary in wrapping, packing, size and appearance. These must be studied very carefully, particularly because of tariff restrictions and regulations. For explanation of the latter item see page 115.



Foreign and American Trade Methods

European Methods. European methods should be studied as they indicate conclusions based upon an experience wider than ours. Among the characteristics of the methods which were most successful before the war may be mentioned:

1. *Intensive individual efforts* by manufacturers or their export agents. These follow careful previous investigations and studies of conditions in foreign markets.
2. *Highly specialized organization* into commercial bodies of manufacturers in particular industries.
3. *Syndicates* of competing manufacturers in which the Government is a frequent partner. These syndicates apportion output and fix prices.
4. *Well established* export houses, which have an intimate knowledge of foreign trade conditions and successfully represent manufacturers abroad.
5. *Close co-operation* between exporters and banks and financial institutions which have branches in the principal Latin American cities. Because of their intimate knowledge of conditions, the banks can afford to extend liberal accommodations, discount drafts and render other necessary service with freedom and safety.

Special Features. European trade development has been especially aided by the schools of commerce, in which the prospective traveler in Latin America is given scientific instruction. Specializing is highly developed. Trusts are encouraged. Steamship lines are subsidized. Nothing is left undone to advance the interests of the exporter by every possible means. A willingness to recognize local conditions, and meet them, has characterized European efforts, particularly in packing, shipping, invoicing, etc.

IRVING NATIONAL BANK NEW YORK

Emigration Encouraged. Europeans encourage emigration, as it aids very materially in building export business. The settlement of their nationals in foreign countries creates a demand for products and manufactures which are bought from their own people. Practically all European nations encourage such purchases and extend every possible aid to increase that business. Even diplomatic and consular aid is brought to bear when necessary in order that the sale of goods may be increased.

Indifference Detrimental. American exports in the past have been affected by, and still suffer somewhat from, lack of knowledge or indifference. This policy, in many instances, has caused losses to the individual manufacturer and reflected upon American commerce in general. Fortunately it is being discontinued.

Expert Knowledge. This often has been neglected. Too many manufacturers have assumed that foreign markets could be forced to do business as in the United States. This has applied to directions for the execution of orders, the forwarding of goods and their documentation. Other weaknesses have been the failure to prepare the proper catalogues or printed matter, and to conduct the correspondence from the point of view of the recipient. A healthy improvement in all these matters has been especially noticeable recently.

American Successes. These may be registered in a growing number of cases. Certain manufacturers of the United States for many years have been conducting profitable, and constantly increasing, business relations with the southern countries.

How Trade Is Won. The chief means adopted by the successful American concerns to increase their trade may be summarized briefly as follows:

1. *Study of Conditions.* This was made before the policy was decided upon. A hearty co-operation between the sales and manufacturing force was insisted upon. After the

TRADING WITH LATIN AMERICA

facts were learned a definite policy was formulated and once adopted carried out.

2. *Sales Territories.* These were studied in relation to the greatest possible business to be done economically and managers were appointed to supervise them. The managers were selected in the most scientific manner possible. (See page 58.)
3. *Co-operation.* This was extended to agents from the beginning. Visits were exchanged between the heads of the institution and representatives in the Latin American countries, and the latter were stimulated and inspired by every possible means.
4. *Market Needs.* These were minutely analyzed. Particular efforts were made to meet special demands and to adapt the sales policy to the practices in vogue in the several countries. Especially were the methods of payment made easy.
5. *Miscellaneous Details.* The preparation of printed matter and its distribution, and a recognition of the importance of advertising also were included in the general policy. This method proved of particular value in popularizing the demand for various goods.



Buyers and Buying Conditions

Nationalities. The nations represented among the buyers of the Latin American republics are numerous. They include the natives of each of the republics, all the Europeans, particularly British, German, Spanish, Italian and French, some Americans and Orientals, such as Chinese, Japanese, Syrians, Turks, etc.

Characteristics. The general characteristics of the buyers are largely the same, except in the case of the Orientals. This similarity probably is due to the impress of business practices, which mark the conduct of trade with Latin America in general. For this reason advice as to the methods used by the merchants of the southern republics may be said to apply to practically all importers.

The Latin American Type. The Latin Americans should have special consideration in view of the fact that they form a very large part of the population. They are white and of the "Mestizo" type, which is mixed Spanish and Indian blood. In some of the countries, notably Brazil, there are a good many mulattoes, a mixture of black and white. In almost all of the countries the largest part of the population is Indian. Merchants are developed from all these classes, but from the "Mestizo" come large buyers.

Latin American Traits. Naturally these vary, but they safely may be generalized as follows: Exceedingly hospitable to those who are well introduced; very polite, not only in social but in business intercourse; punctilious to a degree. The North American should note particularly their regard for politeness and should not handicap himself by ignoring it. In the main they are interested in modern methods and are anxious to avail themselves of new ideas. With this characteristic they combine a certain spirit of conservatism which must be recognized.

The Merchants. Although Latin American merchants, like those of other nationalities, vary in responsibility and character, as a class they may be considered fairly reliable. They are exceedingly versatile and fairly cosmopolitan. They have been trained to do business with exporters from all parts of the world, consequently have become rather clever and resourceful merchants, especially as they have had to contend with numerous handicaps, including lack of capital, transportation difficulties, etc. Many of them have a love for the finer things and, to a very considerable degree, all are swayed by sentiment. This is far more noticeable among Latin Americans than among the people of the United States.

Personal Relations. As elsewhere, these influence trade to an extraordinary degree. When Latin Americans have been induced to open accounts their patronage often may be retained despite serious competition. Friendship is so important that the representatives, who receive proper support from their principals and who make the best friends, and hold them, are the most successful. If Latin American buyers find established relations pleasant and comfortable, they are disposed to view a proposal to change with suspicion and disfavor.

Miscellaneous Suggestions. Buyers should be requested to sign all orders. The originals, with the signature, should be sent to the American manufacturer. A duplicate with all details clearly specified, should be given to the buyer with the request that he inform the salesman before his departure if any erasure is to be made. Memory should not be trusted. In particular, terms, declarations, etc., should be definitely marked.

The Buyers

Buying Conditions. Latin American buying conditions often differ widely from those in the United States. Before soliciting business, it is important to determine which class of buyers to approach. In the main, the chief groups are the following:

IRVING NATIONAL BANK NEW YORK

Wholesale Importers. These make importations for the purpose of reselling in smaller lots to retailers. Exclusive agencies often are given these houses. They frequently act as manufacturers' selling agents. They often are known as "coast houses" because they generally are located in ports and act as distributors to merchants in the interior whose business is not solicited direct.

Merchant Agents. As general importers, merchant agents make importations to sell both at wholesale and retail. They often are the branches or correspondents of export houses. Agencies sometimes are granted them for a country or district. Thus they combine the functions of an agent as well as distributor.

Importing Retailers. These are large retailers whose purchases and credit standing warrant direct relations with manufacturers.

Small Retailers. Shopkeepers in general depend upon the general importer for supplies. Care must be taken to exclude the names of such buyers from mailing lists.

Importing Agents. Such agents often are found in the larger ports and import for their own account articles for which they are exclusive agents. They may sell both at wholesale and retail and act as the general representatives of foreign houses.

Other Buyers. Others who buy are the governments (National, State, Municipal), companies which build public works, private individuals (whose purchases justify direct importation), mining companies, railroads, steamship lines, etc. Export commission houses frequently obtain business from all these sources.

Government Business. This trade is obtainable chiefly by employing agents familiar with the routine and specifications; an acquaintance with the proper officials is practically indispensable. Agents can be obtained as outlined on page 67.

Public Works. These require materials and supplies. Orders are obtainable from contractors, usually by local agents or salesmen. In certain cases contracts are let by the contractors' purchasing agents in the United States.

Individuals. Very often individuals are direct importers because their purchases warrant. Their orders most frequently are given local agents or traveling salesmen. Among this class of buyers are large commissaries.

Mining Companies. Such concerns are large importers of tools, machinery, implements, supplies, etc. Their business may be solicited direct by mail through local and traveling agents; certain companies maintain purchasing agents in New York.

Miscellaneous Companies. These include sugar mills, manufacturing plants, etc., which buy both direct by mail and by giving orders to local or traveling agents. Various sugar "centrals," fruit companies, etc., maintain purchasing departments in New York.

Transportation Companies. Such corporations buy principally through purchasing agents at their main offices. Orders are given chiefly to local agents and traveling salesmen. Certain articles are bought by contract. This method is pursued by railroads, steamship lines, tram lines and auto transportation companies.

Mercantile Buildings

Mercantile Buildings. These naturally differ greatly. It must be remembered that many of the capitals of Latin America are highly developed and their store buildings, shops, and business establishments in general are quite as modern as any to be found in the most progressive cities of the world.

IRVING NATIONAL BANK NEW YORK

Small Town Stores. These bear the same relation to the establishments in the larger places as do similar stores in the United States located in the rural districts. Such buildings are not modern, and the general character of Latin American architecture has not provided, as a rule, for many windows. The modernization of such places, and their reconstruction, will provide splendid opportunities in certain lines of manufacture, notably, store fixtures, window displays, etc.

Latin American Markets. The market place is particularly characteristic of Latin America. No matter how small the community there usually is a market place, and in the larger cities their number is in proportion. While in many places the markets are open daily, there are certain week days on which the number of sellers is much larger. The shopkeepers frequently are Indians, and the variety of merchandise sold is quite large. Although the character of the goods handled varies greatly, the buying power of the native classes is limited, and the great volume of business is transacted on staple articles, especially clothing and food supplies.

Customs and Methods

Business Customs. These differ somewhat from those in the United States. The visitor is struck by the lack of rush and bustle which seem to prevail in the United States. This condition, however, is not so marked in the larger places. In the very warm tropical regions it is customary to transact no business in the early hour of the afternoon; even on the table-lands the custom of closing the stores during the noon hour is quite common. The chief buying is done in the late hours of the afternoon and frequently the stores are open until seven at night.

Salesmen's Methods. The methods which the salesmen must follow to gain a hearing are quite different from those which prevail in the United States. Extreme courtesy is essential. A greater degree of deference also is necessary. When visit-

TRADING WITH LATIN AMERICA

ing a dealer for the first time, it is best not to discuss details of business. A second visit after an introductory call will result in a definite appointment. The dealer's convenience must be considered—haste is fatal to prospective sales. In certain communities dealers are so busy during the week that appointments are made to inspect samples on Sundays. It is advisable to conform to such arrangements and not display impatience. No dealer should be disturbed on "mail days" when he is busy preparing mail for a steamer about to sail.

Legal Formalities. When opening offices in Latin America the matter of registration of business houses, agencies, etc., must be carefully looked after. The transaction of business is considered illegal unless conducted in a certain prescribed form. These details are not onerous and the American Consul can give the necessary information as to how to begin business properly. In this connection the necessity for the frequent use of Government stamped paper should be remembered. Latin American governments make a strong point of this feature and there usually is little difficulty in ascertaining just how and when it must be employed.

Legal Proceedings. These should be avoided at almost any cost. "Keep out of the Courts" in the Latin American countries is advised by all authorities. The court costs are expensive and the procedure usually is so prolonged that it is often best to compromise at a loss rather than to engage in protracted legal action.

Government Contracts. These may be obtained in many countries. The subject has been referred to on page 49. The details of payment of duties on material for government contracts, and every other feature which may be subject to question, should have most serious consideration. It invariably is best to submit such matters to reliable legal counsel before a contract is signed. There are many chances for losses, and there should be made a special effort to guard the best interests of all concerned.

How to Sell

Many Methods. No one selling method will cover all circumstances.

Conditions in the respective republics as well as problems affecting manufacture and distribution determine the best means. These factors are discussed on page 43.

How to Sell. The chief methods of selling are the following:

Traveling Salesmen. These, as personal representatives of the manufacturer, visit the places agreed upon. See page 60.

Local Agents. They generally are selected to cover a limited territory from a central point. They often carry several lines. See page 67.

General Agents. They usually are appointed to cover one or more republics. Territories are outlined with relation to agent's ability to cover adequately. See page 67.

Combination Travelers. These may represent several manufacturers who decide to pool interests and divide expenses. Such travelers usually sell kindred non-competing lines. See page 54.

Export Houses. These institutions offer excellent selling means under many conditions. Chiefly established in New York with branch houses and agents in Latin America. Others are found in Philadelphia, San Francisco, New Orleans, etc. See page 70.

Export Agents. Usually are accustomed to represent several manufacturers. They are found mainly in New York. See page 77.

Foreign Export Houses. These are similar to American export firms. They exist chiefly in centres such as London, Paris, and Hamburg. Under certain conditions they may be used advantageously, and should be considered.

Comprehensive Plans. If practicable, sales plans should provide for all means suggested. Orders submitted by export houses are desirable and may come from territories covered by salesmen. Such contingencies and others should be anticipated. The large importer, distributor, importing agent and retailer should be provided for. A series of prices or discounts will take care of this difficulty. When giving an agency, manufacturers should not allow the agent the exclusive right of solicitation. If the principal retains the privilege of sale, orders may be taken care of even from a territory where there is an agent.

Combination Representatives. These frequently solve the problems of smaller individual manufacturers who decide upon direct relations. The volume of sales obtainable very often does not justify exclusive representation. In that case several non-competing manufacturers may engage a salesman and divide the expenses. Intelligent planning is essential to success, as this method has certain drawbacks outlined later. How to obtain combination salesmen is discussed on page 60.

Advantages of Combinations. Certain advantages may be gained by employing combination salesmen. These are: A higher percentage of efficiency because of adequate remuneration to a competent man; lower selling cost, because the expense burden is not borne by one line; and an increased possibility of introductory orders because the Latin American importer can buy sufficient goods to make up a combination shipment; in the case of many lines the individual initial orders might not warrant shipment.

Kindred Lines. These are desirable in combination arrangements to save the traveler's time and energy in obtaining hearings. A salesman with lines so varied as pianos, threshing ma-

IRVING NATIONAL BANK NEW YORK

chinery, ladies' hosiery, electrical instruments and leather would be almost foredoomed to failure, or would be compelled to neglect some of the lines. On the other hand, a traveler representing a dozen manufacturers, whose products are bought, for instance, by an electrical supply dealer, would not be so handicapped. The salesman should not be permitted to dissipate his energies by scattering his efforts, no matter how optimistic he may be regarding his sales prospects.

Directing Representatives. An agreement regarding the direction of travelers should be made by the manufacturers who employ combination salesmen. Frequently, when a joint representative is engaged, one of the employing group has better facilities than his associates for superintending the salesman's movements. The question of expenses should be definitely settled in advance and a pro rata division agreed upon to avoid later misunderstandings. In every case a traveler representing several manufacturers requires the same guidance and assistance given the exclusive salesman.

Sales Combinations. These also must be studied in connection with foreign sales development. They will have an increasingly important place in the future. There are two classes: (1) Of varied or kindred, but non-competing lines; (2) Of kindred lines in active competition. The latter are in character similar to those existent in Europe. The formation of such combinations has now been made legal by the passage of the "Webb Bill," which makes it possible for American manufacturers of kindred lines to unite in advancing sales abroad.

Co-operative Action. In export, co-operative action is of various kinds. The main types are the following:

Export Corporations. Export companies may be founded by a number of manufacturers who combine to obtain the advantages of co-operative effort, viz: Credit, which being based on the responsibility of the component companies, is greater than would be obtainable by the individual; lower expenses than would be

TRADING WITH LATIN AMERICA

incurred by the efforts of individual manufacturers; smaller losses during the period required to develop the business, inasmuch as the first few years are rarely productive of profits.

Combination Agencies. These are arranged for in the chief cities of Latin America. They may be established by the representatives of the group, who are sent to place them where conditions demand local representation. The principles of operation are identical with those which govern combination travelers. The carrying of too many lines should be guarded against.

Export Office. This may be operated with simple organization and an agreement providing for a division of expense. In such cases the manager of the export office performs, in general, the duties of an export agent. See page 77.

Latin American Agencies. These often make it possible for manufacturers to establish relations on a most efficient basis. Advantage often may be taken of a successful "going" sales organization. This may be a reliable local institution with an extensive sales force, in which case it may prove more economical than the development of a similar body of trained men.

Calculating Expenses. The cost of conducting a group combination may vary widely. It must be carefully calculated to insure successful operation, and to guard against dissensions among the members. Briefly, the following important items must be considered: Salaries of the director or manager; clerk hire; rent and miscellaneous office expenses. Arrangements with Latin American agencies may sometimes be made on a basis of salary or salary and commission. The salary of a competent manager usually includes a drawing account plus a commission. A competent director is usually paid at least \$6,000 and up.

Export Manager. The men who direct export combinations or agencies should be experienced in order that the errors and misdirected efforts which usually characterize a beginner's

IRVING NATIONAL BANK NEW YORK

efforts in export trade may be avoided. The salaries of managers, as in the case of directors referred to in the preceding paragraph, are usually six or seven thousand dollars, subject to an additional bonus based on commissions or net profits. Managers may be obtained most easily by advertisements in New York dailies, and especially the commercial papers.

Business Organizations. These may be helpful in co-operative efforts by manufacturers. Secretaries can place their services at the disposition of manufacturers who wish to export and desire to combine, notifying other manufacturers who are likeminded. They also should obtain information on which the selling plans are based, and ascertain the expenses to be incurred. When local agents or traveling salesmen are required by exporting groups such officials should be able to render valuable aid in finding them.

The Export Department— How Organized

Its Needs. An export department is essential to success in the development of foreign trade. Many houses which have attempted to obtain a foothold in other countries, without arranging for the necessary attention to detail, have realized their mistake too late. Export matters, if properly planned, can be handled easily in connection with the ordinary departmental routine. More than the usual care is required and there always is danger that important details may be slighted. Especially is this likely when employees are antagonistic to foreign business. It is a very easy matter, particularly if the volume at first is not large, to delegate one member of the staff to assume charge of foreign trade matters and hold him responsible for carrying out the necessary instructions. Frequent conferences with department heads, whose co-operation is thereby obtained, are desirable.

TRADING WITH LATIN AMERICA

Organization. A foreign department must be very carefully organized. The manager should be given extensive authority over all matters relating to foreign trade. Rules and regulations issued by him, after discussion with other department managers regarding the execution of foreign orders, labeling, weighing, packing, shipping and billing should be of controlling importance. Unless this policy is adhered to, a conflict of authority may arise which will be highly detrimental to the efficiency of the business.

Managers' Qualifications. The manager of an export department must have a thorough knowledge of trade conditions in foreign countries. He must be sufficiently well informed to aid in shaping an adequate policy. Ability to properly direct the activities of his subordinates as well as traveling salesmen abroad also is necessary. A knowledge of languages is a great help and practically indispensable. Originality, and the power to stimulate his associates, also are desirable qualifications.

Developing Managers. The manager of a foreign department may be selected from without or may be developed by the education of an ambitious individual chosen from the staff. Frequently capable and ambitious young men may be inspired to make a systematic study of conditions in foreign trade fields or to take courses in the conduct of export business. This requires application outside of business hours. The knowledge thus obtained, when combined with an understanding of the technical features of the business may make the individual so trained more successful than one otherwise engaged.

Engaging Managers. Managers often are employed because of their general knowledge of foreign trade technique and other qualifications, but who are unacquainted with the particular business they enter. The best policy can be decided only by individual considerations. Managers may be obtained by advertisements as outlined on page 60.

IRVING NATIONAL BANK NEW YORK

Supervision. Frequent conferences between the manager of the foreign department and the executive of an establishment are desirable. The general export policy should be the subject for a constant exchange of opinion. The rapidly changing conditions throughout the world make this desirable. By following this plan and adhering to general principles success is far more certain than if a haphazard method is adopted.



Commercial Travelers and Agents

Direct Agents. These are preferable whenever conditions warrant their employment. The difficulties attending the finding of competent, reliable salesmen for Latin America are very great. The employment of men, capable of earning good salaries, necessarily requires a considerable volume of business to justify such action. As the first or second trip is rarely very profitable, the far-sighted manufacturer will gladly make the necessary investment by sending a capable traveler as his representative, realizing that the ultimate profits will fully justify his action. A proper salesman will render many services in addition to his sales efforts, particularly in the matter of trade investigations, examination of credit risks, etc.

Finding Salesmen. This can be done in various ways. The following are the chief methods: (a) Commercial organizations frequently are in touch with men who desire to represent American manufacturers; (b) Advertisements may be placed in New York dailies, in export journals, trade papers, or in magazines devoted to Latin America. One of the most effective means is an advertisement in the New York dailies; (c) Co-operation of the Bureau of Foreign and Domestic Commerce through its agents, and the new department in "Commerce Reports."

What to Exact. A careful examination should be made of the applicant's claims for employment. To establish lasting relations it is important that the representative sent to the southern countries shall have an equipment to command the respect of very exacting merchants. He should be gentlemanly in his bearing, willing to conform to the customs and traditions of the places he visits, and preferably able to speak their languages. Above all, he should be willing to learn Spanish, or in the case of Brazil, Portuguese. Of greatest importance, however, is the need for being well posted regarding the articles he has to sell. It is better to under-

IRVING NATIONAL BANK NEW YORK

stand the lines thoroughly, than to have a knowledge of the language; the combination is proportionately valuable. He must have strength of character, dignity and be absolutely dependable.

Developing Salesmen. The development of men exclusively for Latin American countries is being undertaken by an increasing number of American manufacturers. The farsighted business man should begin the training of future salesmen very early in their careers, and attendance at continuation schools or at institutions offering training in foreign business is desirable. Self-instruction also may be accomplished by application and serious effort. The knowledge most requisite is a foundation in languages, commercial and physical geography, transportation and trade conditions. On page 162 will be found an outline of desirable and useful books, likewise study suggestions.

Preparatory Efforts. Preparing the way for a representative will prove highly economical and profitable. This may be accomplished by various means. Correspondence with merchants to be visited will make it possible to give an idea of the manufacturer's ability to handle the trade and of his desire for the Latin American's patronage. Many valuable leads may be developed in this way. Advertising of a miscellaneous character also may be done. This should include distribution of circulars, indicating the character of the firm, the products sold, prices, etc. Catalogues also may be used advantageously when the manufacturer can determine definitely that they will reach the proper buyers. (See page 100.) As traveling expenses are very high it is most desirable that everything possible be done to lighten the salesman's burden.

Equipment. This should receive very serious attention. In Latin America, more than elsewhere, the traveling salesman is considered the representative-in-fact of the house whose interests he serves. Many firms handicap both salesmen and themselves by failing to supply them with indispensable details. Conditions to be met should be foreseen and provided for.

TRADING WITH LATIN AMERICA

Wardrobe. Good clothing is an indispensable requisite in the equipment of a salesman. The number of kinds to be provided depend entirely upon the places to be visited and the period at which the visit is made. The assortment should invariably include ordinary business suits, but in addition, evening dress wear, which is important in order to participate in social life. Occasionally extreme summer clothing may be used, particularly when visits are made to the tropical port districts. Underwear should be of light weight, but if trips to the interior, especially the mountains, are contemplated, it is essential to be provided with winter weights. Attention may also be called to the need for overcoats, depending, of course, upon altitude.

Introductions. Letters of introduction should be prepared in advance of the salesman's departure. Those who have had experience in Latin America assert that business can be greatly expedited by introductions to the most desirable and influential members of the commercial community. With slight effort it is possible to obtain the names of merchants, bankers, officials, etc., who can aid the representative in meeting firms or individuals in a position to help him. Such letters likewise result in the acquisition of information which otherwise would be difficult to obtain. Letters to American consuls are extremely important and a conference with this official will often prevent much misdirected effort. The official letter issued by the Department of State, at the request of a Congressman, is likewise desirable. Letters to the agents of American banks or the financial correspondents of the latter are very valuable.

Miscellaneous Documents. As the representative of an American house is often called upon to show definite authority for certain necessary action, it is advisable that he be provided with documents fully covering the situation. This should be a power of attorney, granting power to the extent that circumstances warrant. It is essential that it bear, in addition to the manufacturer's signature, that of a court of record, secretary of state and the Secretary of State of the United States. When the representative is to confine his efforts only to one country the signature and seal of the latter's representative at Washington also is useful. Letters to

IRVING NATIONAL BANK NEW YORK

the officials of Latin-American boards of trade from organizations in the United States or to miscellaneous chambers of commerce also will be useful.

Other Requisites. The traveling representative should be supplied as follows:

- (a) Money in sufficient quantities should always be at his command. It reflects on the manufacturer and proves expensive also if the representative is delayed because of insufficient funds. This may be carried in the form of (1) letters of credit; (2) American Bankers' Association money orders; (3) exchange; (4) gold. It is essential in exchanging money to be mindful of fluctuations, and to limit the sums carried to actual necessities. Variations in value of the currency of the several countries also is an item of possible loss.
- (b) Codes, both telegraphic and cable, should be taken along. This is especially desirable when the article or product sold is subject to sudden price fluctuations.
- (c) Names of customers who already maintain business relations with the manufacturer should be supplied. In addition, the names and addresses of firms or institutions who have had correspondence relative to business, also should be given.
- (d) Price lists, catalogues, circulars, and other printed matter, giving full information regarding sizes, weights, discounts, terms, etc. Salesmen should not be permitted to leave unless they have been properly provided with this material as their lack may cause expensive delay.
- (e) Routes should be carefully planned, particularly where steamship service is involved causing possible delays in receiving communications. A copy of the route list should be left with several departments of the business, that it may not be misplaced or lost entirely.

TRADING WITH LATIN AMERICA

- (f) Expense books in which to render a weekly account of expenses.

Sample Trunks. These should have the serious attention, both of the salesman and of the proper department head. The conditions which must be met in Latin America should be borne in mind and provided for. The hard usage to which trunks are put, the difficulties of transportation, the drawbacks from climatic standpoint, including rains, storms and possible immersions while unloading, all should receive consideration. Weight is a particularly important item, especially when animal transportation is involved. The maximum weight transportable by a burro or mule is about 250 pounds. A load of this weight, evenly balanced on either side of the mule's back, is preferable.

Customs Preparations. The requirements of the officials in the various ports must be provided for, in order to prepare for the bond which is required. To guard against the payment of duties it is necessary to obtain the gross, net and tare weight of trunk; likewise the weight of the shelves and compartments, and of all other contents. Lists of contents, carefully typewritten and attested by the consul at port of departure, will prove helpful. If duty must be paid in money, the traveler should have means of obtaining it quickly.

Traveling Expenses. These vary materially. They average from \$8.00 to \$15.00 daily, the first figure being based on a salesman who is careful in his expenses and carries no trunks. The representative who is burdened with many trunks may have to pay from \$15.00 to \$21.00. The items run about as follows:

- (a) Transportation, including the rates charged by railway lines and river steamship companies, vary quite widely, particularly if based on their relation to American gold by exchange fluctuations. On the whole, traveling is considerably more expensive than in the United States. Only the necessary baggage should be carried, as the

IRVING NATIONAL BANK NEW YORK

free minimum is always low, and in many cases nothing whatever is allowed free.

- (b) Port charges, including the fees collected by boatmen, when steamers cannot dock, usually are fairly heavy, particularly so where samples are concerned, and when numerous trunks must be paid for.
- (c) Hotel rates vary as widely as for the miscellaneous accommodations to be found in the United States. For first-class hotels (the only ones to which representatives should go), they are higher in the larger cities than in those of less importance, even though the actual accommodations are the same in character. The rates vary, depending upon the number of rooms and whether samples are carried or not. They safely may be estimated from \$5.00 to \$15.00 per day, including meals.
- (d) Custom House charges for samples usually include the cost of stamps and the fee for a bond. A brokerage charge made by the Custom House broker for looking after the matter also must be considered.
- (e) Miscellaneous expenses, such as tips, fees to porters, cigars, cigarettes, miscellaneous entertainment, etc., should not be overlooked. They aid in doing business and are perfectly legitimate. The traveler should be held to strict accountability to prevent waste.
- (f) Municipal, state and national taxes on doing business vary considerably. In some places they are high—in others they are not of importance.

Sales Campaigns. These must be very carefully planned. The highest degree of intelligence is necessary, as the representative in Latin America enjoys extensive opportunities to become well acquainted with the merchant, and by virtue of his personality to enjoy the hospitality which follows proper introduction.

Salesman's Function. The taking of orders is not the only function of the salesman. He should be impressed with the necessity of bringing his house and its qualifications most

TRADING WITH LATIN AMERICA

effectively to the attention of the Latin American merchant. Especially should he be considerate of the buyer's point of view. Small orders, which the salesman finds difficult to obtain, often are the forerunners to business of large volume. While it may be preferable to solicit the larger volume of trade, the natural hesitancy of the buyer must be considered and he should not be urged too strongly for fear that it may react.

"Follow Up." "Following up" the advantages of a first visit often results advantageously, even during the absence of the salesman. The latter cannot be too strongly urged to get himself well remembered by his customer. This can be accomplished by sending souvenirs and other reminders, which are appreciated to a much larger extent in the Latin American countries than in the United States.

Salesman's Reports. Reports of the salesman's activities are essential both for him and for the manufacturer. Briefly, they should be made on the following basis: (1) The verification of the names on "prospect" list furnished at time of departure; (2) a memorandum regarding the extent to which the merchant is interested in certain directions; (3) the names of additional buyers who may be developed by the representative; (4) credit information, not only regarding the customers of the house, but prospective buyers concerning whom information may more easily be obtained on the ground than by correspondence; (5) a memorandum concerning state of business, etc., in the places visited.

Consideration to Salesmen. Every consideration should be shown the inquiries made by the traveling salesman, as well as those of any other agent or representative employed. The advantage of a well-equipped foreign department, through which all such matters pass, is here apparent. Often it is impossible for Americans who have not analyzed conditions in Latin America to account for certain requests. It must be emphasized that no matter how strange they may seem they should have instant

IRVING NATIONAL BANK NEW YORK

attention, or the representative may be placed at a serious disadvantage. See page 6 for the importance of viewpoint.

Local Salesmen. These often make the most effective representatives for American manufacturers. They usually reside at a strategic point, generally an important port or commercial center from which base the surrounding country may be canvassed most effectively. No hard and fast rules can be laid down for their employment. Individual circumstances alone govern this.

Employment of Local Agents. This may be undertaken in numerous ways. Some of these are: Consultation of local directories; correspondence with larger houses, with request for suggestions of names; inquiry of banks; application to American consuls; suggestions by commercial organizations, export trade journals, etc.

Arranging Territories. In the case of local agents this should be done with the utmost care. A mere request for a large field which it would be difficult to cover adequately should be regarded with suspicion. Furthermore, the manufacturer must consider the probability of obtaining sufficient orders to justify a territory. For instance, the entire west coast of South America, consisting of Colombia, Peru, Ecuador and Chile, would not prove a logical division for a local agency. On the other hand, the republic of Peru properly might be assigned to an agent in Callao, provided he could demonstrate his ability properly to canvass the whole field.

Other Precautions. When engaging salesmen there are other precautions which should be observed in addition to those which already have been referred to. Particularly is it necessary to exercise care as to the moral character of the agent. No matter how brilliant may be his record as a salesman, if his character is questioned by the local merchants it ultimately will reflect on the American manufacturer whom he represents. Sometimes it is necessary to depend upon such local representatives for the adjustment of difficulties, or even the collection of accounts.

TRADING WITH LATIN AMERICA

"Del Credere." Unless agents can be trusted implicitly the manufacturer may find himself in serious difficulties. Extreme caution is needed when the power of *del credere* is given. Under such arrangements, the payment of bills by merchants from whom business is obtained is assumed by the agent if the merchants cannot settle the accounts. Obviously, there must be absolute confidence in the agent, as serious losses may result.

Advertising Assistance. This, and other forms of aid, can be given local and general agents along the same line as suggested for the representatives of export commission houses on page 75. It perhaps is of greater importance in the case of local agents who can be stimulated to greater activity by interest on the part of their principals.

Samples Under Bond. These may be used in practically all of the republics. In some of them, however, bond is not accepted and payment of the duties is exacted. For this purpose salesmen should be well supplied with funds. See "The Commercial Traveler in Latin America," Tariff Series No. 35.

Technical Details. The clearance of samples is attended by numerous technical details, and it is advisable to solicit the aid of an experienced and reliable broker thoroughly familiar with the procedure. Nothing is gained by endeavoring to avoid this expense, as many obstacles have to be overcome, and the uninitiated find them extremely difficult.

Clearance Papers. The documents required for clearing samples under bond are numerous. Of supreme importance is the list of contents of trunk or receptacle, containing exact memorandum of the samples, preferably with their description in Spanish, or in the case of Brazil, in Portuguese, their exact value and weight. The consular document, properly verified by the consul at the port of departure, will prove extremely useful.

IRVING NATIONAL BANK NEW YORK

Clearance Information. The facts regarding the clearance of samples are not difficult to obtain. The information may be had from the agents of the Bureau of Foreign Commerce, or direct from the bureau. Application may be made to the Consul General of the Latin American countries in New York City. It is possible also to ascertain the facts from foreign trade organizations.

Travelers' Taxes. These have long been a source of trouble in many Latin American communities. They are not charged in certain places, but some of the republics have imposed heavy ones. To learn the facts the American Consul invariably should be called upon immediately after arrival. For details as to charges in the different countries, see a publication of the Bureau of Foreign and Domestic Commerce—"Commercial Travelers and Samples in Latin America," Tariff Series No. 35. Government Printing Office, Washington, D. C.; 5c.

Travelers' Routes. These should be chosen with the utmost regard for efficiency, based on economy and results. Frequently the "leads," or prospects, that have been developed by correspondence will indicate the best course to pursue. In other cases, however, all sources of information of value in determining the most favorable points of attack should be utilized. As a general rule experience has shown that it is best to canvass one field thoroughly in preference to working in a "helter skelter" way, and jumping from one capital to another. Much important information regarding routes, cost of traveling, fares, etc., can be supplied by Tourist Agencies. Steamship lines which ply between the United States and Latin America can render very useful service. In addition, the express companies, which are specializing in foreign trade, have excellent facilities to aid the traveler.

Export Commission Houses and Export Merchants

Export Commission Houses. These have long been among the most effective aids to American manufacturers. Within the last two years their number has greatly increased. It is estimated that between 700 and 800 new concerns have entered the market since September, 1914. While they are of two classes, Export Merchants and Export Commission Merchants, their functions so overlap that it is somewhat difficult to differentiate between them.

Distinctive Functions. Export merchants, in addition to transacting business as outlined below, frequently make purchases outright for their own account, thereby functioning virtually as "jobbers." The Export Commission House makes no purchases for its own account, but buys strictly according to orders, or "indents" which it receives.

"Indents." Very few Export Commission Houses now confine their operations to "Indents." This term is English and has reference to the orders which the commission house receives from its correspondents abroad. An "Indent" is always placed for the account of a merchant and does not have reference to any purchases which the Commission House may make for its account or for that of its branches.

Export "Brokers." The function of the export broker is a peculiar development of foreign trade practice. A "broker" usually specializes in one line—as dry goods and kindred articles, for instance. He possesses an expert knowledge of the products and their sales possibilities abroad. He maintains intimate relations with the export commission houses, which he serves as an expert buyer for their "indents." He frequently is retained by manu-

IRVING NATIONAL BANK NEW YORK

facturers who employ him to place their samples to best advantage with the export houses. On orders which result he is allowed a small commission.

Their Services. Export houses conduct operations along several lines. In almost every instance the concerns which have been established for a considerable period serve the importer and exporter of South America in addition to acting in behalf of the American manufacturer. For the merchant and importer of Latin America they dispose of shipments of agricultural, mineral, and other products. For the same interests they act as buying agents, and place orders, assemble shipments, dispatch goods, etc. They likewise function as bankers or financial agents, permitting drafts to be made against them on account of the consignments forwarded to them for sale. In other cases they permit such shipments to offset credits extended in the shape of merchandise. In extending credit to Latin American buyers they are particularly helpful.

Represents Manufacturers. The export commission house often acts as selling agent. Through its organization it distributes samples, quotes prices and obtains orders which are placed with the manufacturer. Payments for goods so bought are made by the export house which attends to all shipping details, documentation, etc., and assumes the risk of collection. Special discounts or allowances sometimes are granted for introductory work done by export houses.

Other Activities. The activities of the larger export houses are of varying character, depending largely upon the organization of the concern, its capital, etc. They may assume any of the following phases: (a) Operate steamship lines, sailing vessels, etc.; (b) conduct banks, deal in foreign exchange, issue letters of credit; (c) act as government agents in the capacity of financial representatives; (d) aid in underwriting financial projects, flotations of loans, etc.; (e) operate or own branch houses in Latin American cities, for which purchases are made; (f) buy for own account as jobber, maintaining stocks, etc.

TRADING WITH LATIN AMERICA

Operations of Export Houses. Export houses, particularly those with extensive connections, require a considerable organization. These are: (a) Main offices in United States, usually New York; (b) branches in Latin America, which may be either their own establishments, where a general importing and exporting business is conducted, or a mere branch office with agent; (c) correspondents in more remote places, where the volume of business does not justify direct representation; (d) traveling representatives or salesmen who make periodical trips to keep in touch with dealers.

Export House Branches. Branches of American export houses are frequently maintained in the principal Latin American cities. American manufacturers frequently find that orders can be financed through such institutions. They also aid the traveling representative of American manufacturers, who may find their co-operation useful.

Causes of Growth. Peculiar conditions, characteristic of the Latin American trade field, have been responsible for the development of the export house. Briefly, they are as follows:

- (a) The countries are chiefly agricultural, and capital is limited. In many places trade is still conducted on basis of barter. Importers act as purchasers of products, which frequently are exchanged for merchandise and supplies.
- (b) Export commission houses arrange with shippers from Latin America to dispose of their consignments on a commission basis. On such consignments credit is often based, shippers being permitted to draw for a certain percentage, or credit of a definite amount determined upon is granted.
- (c) Merchants often need certain American products but have no facilities for direct buying. Some American manufacturers will ship only through export commission houses. In such cases manufacturers will not extend

IRVING NATIONAL BANK NEW YORK

the credit required by Latin American dealers, for which the export houses willingly assume responsibility.

- (d) Documentation covering shipments to Latin America is often very intricate. Customs laws and exactions occasionally are difficult to understand. Export commission houses, because of the volume of their business, can afford to employ experts for the purpose of preparation of papers and thus avoid fines, and other difficulties.
- (e) Drafts attached to bills of lading and other documents usually are made by export houses when shipping to Latin American countries. These must be handled in a certain manner, with which the export house has considerable familiarity. Drafts usually are discounted.
- (f) Many orders are placed through export houses which would not justify shipment if forwarded alone. The export commission house assembles a number of these on one bill of lading, minimizing freight, handling charges, etc.
- (g) Quotations constantly are sought by Latin American buyers. They usually are required C. I. F. and E. (charges insurance, freight and exchange). Considerable familiarity with freight rates, insurance, port charges, etc., besides an understanding of exchange and fluctuations, are required to quote intelligently.

Methods of Development. One of the chief activities of export houses, especially as recently conducted, is the representation of manufacturers. Arrangements of this character usually are based on a commission plan, but occasionally other arrangements are suggested to stimulate the activity of the export house's representatives. Samples, when such are available, are submitted and sent to the various offices or branches in Latin America. The latter may be stimulated by direct co-operation on the manufacturer's part, likewise by development of "leads" and prospects by direct work. This is described on page 75.

TRADING WITH LATIN AMERICA

Selecting Export Houses. The choice of export houses as representatives can be made in various ways. Visits may be made to New York, or before arrangements are closed, correspondence may develop the most likely prospects. Reliable concerns often are unable to accept further agencies because of earlier conflicting connections. Lists of export commission houses can be found in the following sources:

- (a) City directories or classified sections of the telephone directories.
- (b) "Export Trade Directory," published by the "American Exporter" of New York City; price, \$7.00. This contains much important data, including names of resident buyers, etc.
- (c) "Export Register," issued by Export Manufacturers of U. S., Inc., 149 Broadway, New York; price, \$12.00. The latter in the case of many merchants, shows the character of the goods bought, markets covered, department heads, buyers, etc.
- (d) Sheldon's Export Trade, Sheldon Publishing Co., New York; \$2.50.

Definite Arrangements. Arrangements closed with export houses should be based on certain definite understandings. These may be summarized as follows:

- (a) That the representation accepted will be given active attention.
- (b) That the export house is adequately represented in the territories for which agency is granted.
- (c) That a certain period of development is allowed; if results do not follow, the manufacturer is then at liberty to make other connections.
- (d) That the export house will be definitely protected in the event business reaches the manufacturer through other channels.

IRVING NATIONAL BANK NEW YORK

- (e) A clean-cut agreement should be made relative to the sales methods to be followed, quotations to be given, and as to advertising or other assistance which the manufacturer will furnish.

Assisting Export Houses. The aid given export commission houses may be of a miscellaneous character.

The highest form of service, both merchandising and advertising, will prove as resultful in Latin American countries as in the United States. Agents of an export house can have their work greatly simplified by intelligent assistance previously determined along the following lines:

- (a) Catalogues, circulars, etc. These are sent to prospects, whose names are given by export house or to whom the matter is delivered by local agents.
- (b) Correspondence direct with prospects who are encouraged to buy of the local agent.
- (c) Advertising in local newspapers, magazines, etc., when agreed upon by the correspondent may prove effective.
- (d) Referring to sales agent any inquiries received from the territory. Manufacturers should not overlook this point as a desire to earn the extra profits (sometimes possible by ignoring the export house) will prove disastrous.
- (e) The personal representative or traveling agent of the manufacturer co-operates with branch offices of the export house in the territory visited by him. Orders from smaller dealers are financed through the export house.

Preventing Disagreements. The matter of agency arrangements should have the manufacturer's careful thought. None but reliable houses of established reputation should be seriously considered. Some of the chief difficulties that may come from unsatisfactory connections are the following: Too many lines may be handled to permit of proper attention to any one, or at least to the new one which the manufacturer wishes to introduce. Unscrup-

TRADING WITH LATIN AMERICA

pulous concerns occasionally solicit agencies for the sole purpose of preventing a manufacturer from obtaining a foothold.

Special Adaptability. Certain export houses may offer greater advantages to a manufacturer than their competitors. This refers to an agent's qualifications to handle a given product with which he is more familiar than another. Because of this fact a product of equal adaptability to all markets may be greatly handicapped in certain fields.

Resident Buyers. Latin American importers, in increasing number, are opening their own offices or establishing warehouses in New York, San Francisco, etc. Their action is based on the fact that their own representative may be more zealous in securing best prices, expediting shipments, and obtaining lowest freight rates. It also has been the experience of many such firms that by maintaining an office in New York the adjustment of difficulties is far easier than by correspondence. When the volume of business of such a firm reaches a large total, it naturally is more economical to maintain such an office and avoid the fees of the export commission house.

Difficulties and Complaint. The handling of accounts for Latin American dealers requires much detail knowledge by the export house. Naturally, most of the business is done with draft attached to bill of lading, the papers being drawn so that they may be discounted by the export house. The time extended is usually sixty or ninety days' sight, and the charging of interest at 6 per cent per annum for this period is quite common. Occasionally, however, business is done on open account, although this practice is discouraged by the export houses, as it naturally is more difficult to handle, payments being delayed, etc.

Export House Difficulties. Among the drawbacks and difficulties of which export houses complain are the fluctuations in exchange, which inspire the importer to delay settle-

IRVING NATIONAL BANK NEW YORK

ments and ask for extensions on drafts. Unfounded complaints, for the purpose of obtaining rebates or evading payment, also are characteristic of certain unscrupulous dealers, who are encouraged to such practices by sharp competition or a declining market.

Export Agents. These have become increasingly important factors in the development of American trade with other countries, especially Latin America. The export agent can render valuable service, if conscientious in his work, and has an important place in Latin American trade development.

Their Activities. The duties of an export agent briefly are as follows:

- (a) As the representative of one or more manufacturers he maintains an office, usually in New York, although sometimes in inland cities.
- (b) The foreign business is left to him to develop, either by correspondence direct with Latin America, through the commission houses, or by sales to visiting importers.
- (c) He must consult with the export houses to invite their business, and to solicit their inquiries for quotations. He must likewise take their orders and co-operate with them in every possible way.
- (d) Shipments from the interior often are handled by export agents, who superintend their forwarding after making arrangements for freight rates on steamships, etc.
- (e) The necessary documentation, etc., is intrusted to the export agent.

Engaging Export Agents. Export agents may be found in various ways: by recommendation of other manufacturers already represented; by the use of newspapers as outlined on page 60; by answers to their own advertisements; by advertising in export journals and the New York business papers. Occasionally export or commercial organizations are able to recommend capable agents.

T R A D I N G W I T H L A T I N A M E R I C A

Aiding Agents. Assistance should be given the export agent in order that the best results may follow his efforts. Prompt quotations, properly made, with full details, should be supplied. When catalogues and other printed matter are required they should be supplied.

Salary Arrangements. These often include the payment of a small monthly salary plus a fee based on commissions. In some instances export agents will work only on a stipulated sum, payable monthly. The acceptance of too many lines for good results should be discouraged.

Export Houses Abroad. In London, Paris, Bordeaux and other large places are export houses who do business with Latin America and other parts of the world. These may often be used advantageously in developing business. Lists of such houses may be found in "Kelly's Directory" and similar publications.



Trade Marks

Trade Marks Valuable. In building business with the Latin American countries a trade mark is quite as valuable as in the United States. Many of the natives, some of whom cannot even speak Spanish but use the Indian dialects, identify goods by brands. The attractiveness and appropriate nature of a brand are consequently important factors in the sale of staples. They also are valuable in creating a demand for articles in general.

Basis of Business. As in the case of China and other markets where the masses of the people must be considered, a trade mark on an article of merit becomes enormously valuable with use. As a consequence not only are imitations attempted, but manufacturers of other nations often try exact duplications. As a result, the registration of a trade mark is absolutely essential. It should not be changed in the slightest degree once its use has begun, else lack of confidence will result.

Colors Desirable. Colors are highly desirable in trade marks in Latin American countries. When combined with design, it is suggested by those who have been most successful, that the combination be harmonious and that there should be no attempt to make it elaborate. This simplicity will greatly aid its introduction. Striking effects are appreciated.

Registration Important. A trade mark, if considered important in connection with the development of a foreign trade, should be registered before a market is entered. If this is not done, it may be appropriated by unprincipled men who, under the laws of some of the countries, are permitted to register brands even though belonging to someone else. Fortunately, decisions regarding such misappropriation are being made in favor of those who have been taken advantage of, but the proceedings always are costly.

TRADING WITH LATIN AMERICA

Laws Imperfect. The efforts of the International High Commission to protect trade marks has reached the stage where safety to the owners in virtually all the American republics may be counted upon in the near future. For the present, however, precaution should be taken to guard against abuse.

Arranging Registration. Trade marks may be registered in various ways. The only certain means is by personal representation. This can be done by opening communication with those who make a specialty of registering trade marks.

How to Find. The names of men qualified to serve American business men in the trade mark registration may be obtained in the following ways:

- (a) By a letter to a prominent banking institution or business houses in the Latin American countries.
- (b) By communicating with American Consuls.
- (c) By correspondence with export organizations, etc.

Trade Mark Procedure. A pamphlet issued by the Government Printing Office gives much valuable information regarding cost and procedure. It is called "Registration of Trade Marks in Latin America (Tariff Series)." It may be had gratis upon application to The Government Printing Office, Washington, D. C.

Helps to Trade

Special Packages. Latin American dealers often ask for a special "put up" or label. This request is usually based on peculiar local conditions as outlined on page 6. Every effort should be made to comply for the reason that the conditions which prevail in the Latin American country may be entirely different from those existing in the United States. Attractiveness is frequently as

IRVING NATIONAL BANK NEW YORK

important as quality. European houses, especially those in the novelty goods and perfumery lines, have long been famous for their willingness to meet these conditions.

Proper Display. Not only is it necessary to provide attractive labels and packages, but also to facilitate proper display.

It may pay the manufacturers to supply display stands even if payment of duty and freight is involved. Above all, no opportunity should be lost to show the use to which articles may be put, especially in the case of machines or other appliances. Manufactures which may seem unsalable frequently have been brought into general use by demonstration. The makers of a safety razor were particularly successful in Latin America where they had been assured no market could be established because of custom.

Metric System. From the first, measurements, quantities, weights, etc., should be converted into the metric system. It is highly important to realize that the metric system prevails in all of the Latin American countries and business is facilitated by employing it. When requested by importers, manufacturers should use it in marking articles and packages.

Nationality. A realization that not only the Latin American temperament, but those of other foreign nationalities, are concerned, will help materially to increase business. The heads of firms or the buyers of large departments, may be English, French, German, Italian, etc. By taking this into consideration, a correspondent or salesman can more quickly adapt himself to the requirements as outlined on page 47.

Supplying Extras and Duplicates. In the case of machinery, mechanical appliances, and similar devices, it does not suffice to ship only the machinery. At the outset, extra parts must be furnished to some dealer who can be called upon quickly in case of the breakage or loss of some important part. This method will save much time and expensive cabling, etc.

TRADING WITH LATIN AMERICA

Omitting Brands. In many places, merchants will not handle a line of goods sold by their competitors. This applies particularly to trade marked articles. The manufacturer should therefore be prepared to supply the goods unbranded. By doing so, it often is possible to sell a number of dealers the same articles; if a special "put up" or individual label can be supplied, the chances of selling are much greater.



Prices, Terms and Discounts

Clearness Important. In making quotations to Latin Americans little should be left to the imagination. It must be remembered that buyers often are located at great distances and they should be able to determine very definitely from the manufacturer's quotation just what the proposition is. To that end strict attention to details is essential, and everything should be done to supply them fully.

Attractive Prices. These are quite as essential in winning trade from the Southern Republics as in developing business in any other part of the world. The wise manufacturer will not seek to exploit the Southern buyer but will endeavor to meet him in an atmosphere of competition. Many authorities hold the opinion that concessions in prices should be made when it is necessary to meet foreign competition. They also assert it to be a wise policy to quote lower prices for export than for domestic trade, when such quotations will permit the continuous operation of a mill factory.

Definite Acceptance Period. A complaint urged more strongly and more frequently against the American manufacturer than against his European competitor concerns the changing of prices and quotations. Latin Americans, particularly when located in the interior, must base their estimate of costs on numerous factors aside from the first price. These factors are: fluctuations in exchange, freights (steamship as well as railroad), port charges, duties, broker's fees, etc. Having made their calculations, based on a particular quotation, they are seriously inconvenienced if upon receipt of order they find that a further change has been made. This sometimes results in the complete withdrawal of business because the price is too high for profit. Manufacturers should submit quotations for a specified period, during which they may hold good. When this limit is too short, however, it is useless, as time

must be allowed for the receipt of a letter and its acknowledgment, including the delivery of the reply to the manufacturer.

Discounts Important. The granting of discounts naturally is dependent upon the character of merchandise. In certain lines when discounts are particularly complicated, trade with Latin America could be greatly improved by their simplification. A system of discounts is, however, desirable in order to provide profits for the various factors that may be concerned in the sale. These include: (a) General sales agent; (b) wholesale importer; (c) local distributor; (d) retail merchant. Sometimes it is necessary also to provide for a wholesale commission house or export agent.

Separate Quotations. Prices and discounts never should be printed in catalogues. On account of trade conditions, these books are likely to be consulted by the various agencies engaged in the sale, and perhaps the consumer. Another advantage of sending the price list separately is, that by this means revised quotations and lists of articles withdrawn from sale may be distributed more easily.

Retail Prices. Prices at which articles illustrated in the catalogue or circular are retailed in the United States are meaningless to the Latin American and never should be used. The importer there must make his own calculations and should be left a free hand to do so. If the prospective business in a certain republic warrants it, the printing of a small circular or booklet containing the American prices and the equivalents in local currency, may prove helpful.

Quotations in General

European Quotations. Because of their scientific study of foreign trade problems, many European houses have had great advantage over American manufacturers. Their painstaking attention to details was particularly noticeable in their quota-

IRVING NATIONAL BANK NEW YORK

tions, and materially aided them. The Latin American importer, previous to the European war especially, had little difficulty in inducing his correspondents to quote prices on a delivered basis. The abnormal freight situation, with the scarcity of space and the general additional risks of war, advances in insurance, etc., during the conflict made this more difficult. With conditions again approaching normal, a return to the pre-war status is already under way. This makes essential serious effort by the American manufacturer to meet competitive conditions.

"F. O. B." Quotations. This quotation (free on board) is the one most commonly known in the United States. When it is made it should be stated whether based on delivery to the railroad company at the place of manufacture. Some manufacturers when quoting "F. O. B." prices mean that delivery is free on board the steamer at port of sailing. In obtaining quotations on this basis the shipper must investigate the charges incidental to transfer, lighterage, ferrying, etc. The cost of preparing bills of lading and other charges, which the clearance of a shipment may cause, also should be definitely ascertained beforehand to avoid later complications. Quotations must indicate for whose account such items are incurred; and, above all, whether "F. O. B. Cars" or "F. O. B. Steamship."

"F. A. S." Quotations. The meaning of this abbreviation is "freight alongside." It is rather unusual, being based on the transfer to ships of extremely heavy freight, necessitating peculiar apparatus for transfer to the vessel. The custom is to assess the charges for the machinery required (usually a powerful crane) to the Latin American importer. The quotations on this basis usually involve articles of such value that special contracts are needed, details for which can be arranged by obtaining quotations from freight forwarding agencies or foreign freight agents of railroad companies.

"C. I. F." (Cost, Insurance, Freight) Quotations. This quotation is the one most preferred by the Latin American buyer. The theory of its application is, that the American manufacturer has complete facilities for obtaining

TRADING WITH LATIN AMERICA

all the rates required to make such a quotation, particularly the cost of space on the steamer, the inland freight, transfer or drayage charges; also information concerning the risks of various kinds for which insurance is necessary (war, marine, pilfering, damage). It is customary to specify very plainly whether the goods are to be delivered "at" or "to" a port. This is due to the fact that in the first instance the importer may assume that the manufacturer will pay the duty, whereas in the latter instance the duty would plainly be for the account of the importer.

"C. I. F. and E." Quotations. This is a quotation not made as frequently as the other, but occasionally employed. It means: Cost, Insurance, Freight and Exchange. It is used when the exporter is willing to pay the expense of exchange. This is an item which must have consideration, particularly when dealing with merchants who are inclined to sharp practice. All quotations should specify very plainly whether the exchange is to be for the account of the exporter or buyer. When transactions assume a very considerable volume, this may become a very large item.



Correspondence

Correspondence with Latin America. This plays an important part in the development of business relations. It is important because letters are vital features in mercantile intercourse and have played a particularly important role in the commercial life of the southern people in consequence of their dependence upon foreign countries for supplies, merchandise, etc.

General Character. The general character of Latin American correspondence is the following: It is extremely considerate of the other's viewpoint; it is characterized by politeness; it is carefully done, extremely neat and very full. A merchant often located at a distance of several thousand miles from his correspondent desires no misunderstanding and prefers to express himself more fully than is customary in the United States, in order that he may be thoroughly understood. Letters in reply should strongly develop the "personal" element. This is greatly appreciated by most Latin Americans.

Forms of Letters. The Latin American frequently criticises letters received from Americans. The shortcomings attributed to many manufacturers' correspondents are the following: Neglect of details; incompleteness—that is, a failure to supply all the information required concerning the matter in question. A lack of politeness, the American often neglecting the softer side of the Latin American. The use of slang; the employment of advertising phrases which have no meaning in Spanish; the omission of documents or price lists mentioned in the body of the letter; the failure to affix the proper signature; overlooking the titles, writing merely the name without the Mr. or Messrs.

Translations. It is absolutely necessary that translations be correct. Too often communications are received by Latin American merchants, supposedly in Spanish, when in reality so badly

written or translated that they are unintelligible. Great care should be exercised in this particular, and the mere fact that a clerk has come from a Spanish speaking country should not warrant the assumption that his Spanish is correct.

Technical Terms. These, if used at all in correspondence (and occasionally they must be so used), should be absolutely correct. Otherwise, serious misunderstandings may arise. It is not difficult to obtain efficient translators if slight efforts are made to find them. Good technical dictionaries are available in the larger public libraries.

Time for Replies. In corresponding with Latin American merchants, sufficient time should be allowed for replies. It must not be forgotten that it takes three or four weeks for a letter to reach its destination and an equal length of time for a reply to arrive. As sailings to many places are infrequent, correspondence should have immediate attention. A delay of a day or two in a reply may result in missing a steamer and entail a further delay of several weeks in delivery.

"Postage Due." One of the most common failings is that of mailing letters with insufficient postage. Latin Americans complain bitterly of this carelessness. It easily can be obviated by using envelopes of a different color or marked in such a manner that the mail clerk will be sure to place the correct number of stamps on the envelopes. The government now sells envelopes of various sizes, bearing five-cent stamps. Their amber color is a great aid.

Circular and Form Letters. These have their proper place in the development of business in the Latin American countries. However, as the postage is very heavy, individually written letters would prove far more effective, consequently less expensive in the long run. A "form" letter can be used if properly written, and the new method of automatic typewriting makes

IRVING NATIONAL BANK NEW YORK

possible the sending of such letters, which, in reality, are personally written, at insignificant cost.

The English Language. Unless sent to firms which are American or English, or whose buyers are thoroughly familiar with that language, communications in English should not be used. In many instances, even in the case of American principals, the buyers or clerks speak only Spanish, and the futility of letters in any other tongue is apparent.

Good Sales Talk. This, if written from the Latin American point of view, is both desirable and effective. It is as necessary to convince the merchant in the southern republics of the desirability of making certain purchases as is the case in the United States. This can be done only by a clean-cut, logical presentation of arguments. However, it is important to make these arguments always with the vision of the buyer before one, else there will be serious loss because of the ineffectiveness of the argument.

Effective Correspondence. This is one of the most important factors in a well-rounded plan to develop business with the southern republics. The correspondent or export manager in charge of this work should enlist the aid of general dictionaries, good guides to correspondence, technical dictionaries, etc. Books containing suggestions for the construction of sales letters may be obtained very easily in public libraries.

Technical Descriptions. These should be avoided whenever possible. If a good word picture can be painted of the article which it is desired to sell, without the use of technical terms, it is most desirable to do so. When technical translations are necessary they should be undertaken only by those absolutely competent. Such translators can be found and their work, although more expensive, will be proportionately more effective. Lists of technical translators in New York are published in the classified section of the telephone book.

Typists and Stenographers. Stenographers who know both English and Spanish equally well are not easily obtainable. Those who know one language well and the other only indifferently can be found more easily. Application may be made to the numerous agencies in New York, particularly to those which specialize in placing Spanish speaking employees. Advertisements inserted in the New York commercial papers also are helpful.

Collecting Accounts. The collection of accounts in Latin America is in principle the same as in the United States. In the main, however, there are certain other factors which must be considered. These are: (a) Whether payments will be forthcoming at maturity without a reminder; (b) when, in case of necessity for such a reminder (a statement), it shall reach the merchant; (c) what period shall elapse before the remittance is received and when the first statement shall be sent; (d) what other steps shall be taken in case payment is withheld beyond a reasonable length of time.

Collection Methods. Proper methods in making collections will often result in prompt settlements without giving offense to the dealer. In this connection it should be pointed out that Latin American merchants often resent the brusque methods of Americans, and polite methods invariably will produce better results than those of harsh nature. Many excellent letters, which are successful in the United States in enforcing collections, can be adapted to the Latin American point of view. The "Aids to Correspondence" (found in libraries) also will prove valuable.

Collection Agencies. These may be effectively employed in particularly difficult cases. Collection bureaus are maintained by certain export associations, and commercial agencies also undertake the collection of claims. Accounts should not be sent to lawyers unless steps have been taken to ascertain their reliability. Collection charges are generally 15 per cent., but there is no fixed percentage.

IRVING NATIONAL BANK NEW YORK

Compromising Disputes. In Latin America it is better to compromise than enforce settlement by legal steps. If accounts cannot be collected, except by legal procedure, a good compromise is preferable. Action in Latin American courts is often extended beyond measure, and costs are excessive. In the selection of a legal representative for any duty whatever the advice of a prominent mercantile or banking house should be secured in order that the client's interests may be safeguarded properly.

Technical Translations

Technical Translations Important. American trade investigators frequently have referred to the value of proper translations. They have contrasted the technical publications and catalogues of European countries with those published in the United States. Latterly, there has been an improvement but there is still room for continued betterment in the character of such publications issued by American houses.

Obtaining Translators. Efficient technical translations may be obtained without difficulty in New York City. The following are the chief sources: (a) Export trade journals; these specialize in catalogue work; (b) foreign language printers; many of these employ highly competent men; (c) miscellaneous translation bureaus; their addresses are available in the classified section of the telephone directory; (d) foreign trade organizations; in the case of these bodies (as in all others likewise) the manufacturer must assure himself of the competency of the individual assigned to his catalogue.

General Principles. No hard and fast rules should be laid down for the translator. He must be given freedom to express, in the language into which it is translated, the sense of the article given him. It is impossible to make literal translations, except at a sacrifice of the most desirable values.

TRADING WITH LATIN AMERICA

Other Aids. When catalogues or descriptive matter are not too highly technical, an intelligent Spanish stenographer or clerk frequently can perform the task. This is done by reference to the numerous technical dictionaries which now are available. They may be found in the principal public libraries.

Expense of Translation. High-grade work cannot be done cheaply.

An attempt to economize in this direction is often disastrous. The life of a catalogue is usually a long one, and greatest efficiency should be striven for. Good work is worth what it costs. The cost of translations varies; when a quantity of work is to be done, the rate always is lower. The usual charge for ordinary letters is 25 or 30 cents per 100 words for translations into English, and a little more for translations from English into other tongues. Technical work is higher and depends upon its character and quantity. It may run 75 or 80 cents per hundred words or even more.



Catalogues—Their Preparation and Distribution

Catalogues Very Important. Despite numerous criticisms, the catalogue is an important factor in the development of business relations with Latin American buyers. While the building of business should not be left to catalogues and printed matter, their judicious use may prove very profitable. The various purposes they serve should have careful consideration, and the preparation of the catalogue should engage the attention of the expert.

How Catalogues Serve. It is essential for the manufacturer to decide definitely upon his policy in Latin American trade before compiling his catalogue. It may serve any of the following purposes:

- (a) To obtain leads for salesmen previous to visits.
- (b) To secure initial orders by direct correspondence.
- (c) To create an atmosphere and inspire confidence in the efforts of the manufacturer seeking to enter the market.
- (d) For "follow up" work, and as a convenience for customers who have made first purchases.

Catalogues Inspire Confidence. When properly compiled, well bound and intelligently distributed, a catalogue will aid materially in winning the respect of the Latin American dealer. From its physical appearance, detailed information which it contains, illustrations, quotations, etc., the recipient will form an opinion of the sender. If a favorable impression is strengthened by the accompanying correspondence, warranting the importer to risk initial orders, purchases may be made.

Giving References. A manufacturer who solicits business through catalogues should not assume that the Latin American merchant knows all about him and his methods. It is

TRADING WITH LATIN AMERICA

absurd to condemn a Latin American dealer who is asked for cash when placing his first order, if the reliability of the North American manufacturer is an unknown quantity to him. It, therefore, is advisable to insert in a catalogue (particularly for mail order purposes) suitable references. These may be: Banks (preferably those known to Latin Americans); houses already established in Latin America, or known there; consuls of Latin American countries resident in the United States.

Preparation of Catalogue. This should not be delegated to a clerk.

To be most effective, a study of the needs which it must supply is requisite. As the cost of distribution is exceedingly high, it is false economy to slight such important work. This applies not only to technical translations, but particularly to sales arguments, etc.

"Point of View." It must be remembered that in sales by catalogue the same principles apply as to sales by representative. The manufacturer must be prepared to meet the competition of (1) his American competitor, (2) the European house, (3) the local Latin American concern, (4) very often the Japanese. To be ready for this, the "point of view" of the Latin American buyer must be kept uppermost. It is highly essential to appreciate this factor (see page 6).

Frequent Supplements Advisable. In many lines of merchandise the sending of a complete catalogue, such as is used for domestic trade, is inadvisable. Many items advertised would be unsalable and would only handicap the prospects of others because of waste of time in examination, etc. It is preferable to devote the space and money available to the illustration of the items which can be sold most easily. This policy effects economy in printing, cost of distribution, preparation, etc. As the needs of the market become known, the size of the catalogue can be increased. This method also insures accuracy in translations, as the pages can be carefully checked.

IRVING NATIONAL BANK NEW YORK

Languages Important. This need cannot be stressed enough. English catalogues, particularly when full of technical expressions, are worthless when the recipient has no knowledge of that tongue. Catalogues for Latin American countries should be in Spanish, unless for Brazil. These invariably must be printed in Portuguese. Spanish catalogues sent to that country would only prejudice the buyer. In Haiti, French is spoken, and, if possible, an English catalogue should be accompanied by a "key" in French. A Spanish "key" also serves at times in the case of a very voluminous catalogue, which it is desirable to send because of its completeness.

Durability of Catalogues. This point is important. A book of handy size that is easily consulted will be the one most frequently used and depended upon. Conditions in tropical countries also must be studied in order that the books may not be ruined by the heat, as a result of poor binding. Paper of the best quality should be used and none but legible type employed. The latter invariably should include all accents, as their omission would reflect gravely on the senders.

Catalogue Contents. The contents always must be prepared with a very definite purpose. The most effective book will be one that sells, as well as describes, the articles it shows. Absolute accuracy in every detail is a prime essential. Errors in this respect will prove disastrous because of complications arising from misunderstandings, with the accompanying fines, customs duties, and possible loss from rejection of merchandise.

Details of Description. Little should be left to the imagination. It is safest to assume that the buyer knows nothing of the article listed, and must be told everything that possibly can create desire and inspire confidence sufficient to influence a purchase. Some of these details are the following: Exact assortments, in sizes, colors or shapes; precise finish; different qualities supplied; sizes; capacity or speed; character of packing or containers; weights and measurements in the metric system. "Reason why" copy is as valuable in Latin America as elsewhere.

TRADING WITH LATIN AMERICA

Weights, Sizes, Measurements. The metric system always should be used. If it is desirable to use the English equivalents also, that may be done, but it is essential to make ordering absolutely simple. This applies particularly to weights and measurements. The sizes of boxes and containers should be given in order to enable the importer to make calculations of duties, freights, etc.

Illustrations Important. Poor cuts will produce a correspondingly bad impression. It is desirable that the very best illustrations be used, as they will serve to create interest and stimulate orders. A well-presented catalogue is retained; hence the illustrations, if expensive, will prove a good investment.

Directions for Use. Full instructions for the use of an article should be given in connection with the description. The directions which accompany a shipment sometimes may be lost. If they are contained in the catalogue, delays will be obviated.

Coding Catalogues. Frequent duplicate orders by cable may be encouraged by the use of code words, both for the number of the item and for quantities. The suggestion of combination words, meeting both quantities and numbers will prove helpful. Catalogues invariably should contain references to the cable codes used; these should be chosen with reference to the greatest practicability in a particular line. If necessary, special codes can be compiled by makers of codes.

Sales Arguments. In this connection a knowledge of the buyer is highly essential. A scientifically prepared catalogue will anticipate all possible objections, fears or suspicions, and by forcible argument, will convince the dealer that it is to his advantage to purchase. The manufacturer's advantages as a source of supply should be stressed, with particular reference to the peculiarities and needs of the Latin American buyer. The principles of sales development are the same in Latin America as in other parts of the

IRVING NATIONAL BANK NEW YORK

world, but the Latin American viewpoint must be considered. The manufacturer who uses the buyer's own terms and language is most likely to be successful.

Inaccurate Descriptions. These must be avoided at all hazards.

The description should not be too laudatory, nor misleading. The translation of slang phrases, so common in America, must be avoided. The words are meaningless in other languages. Absolute clarity is essential. Explanations should be so simple that they are intelligible to anyone.

Aids for Importers. The far-seeing manufacturer will increase the use of his catalogue by accompanying the illustration and description to the importer, with items which his clerks can use in selling to the consumer. Such arguments are very subtle in effect, and frequently influence the importer to purchase. This is particularly true in the case of patented specialties or novelties.

Distribution of Catalogues. This can be accomplished in several ways. The books may be sent direct to dealers; they may be shipped to local agents for delivery from the branch office. All economies should be sought. Erroneous distribution must be avoided. This can be guarded against as indicated on page 100. Great care must be exercised to prevent the books reaching the wrong destinations, otherwise complications may result because an agent has been confused through catalogue having reached an ultimate consumer instead of a distributor.

Shipping Catalogues in Bulk. This may be done when an economy may be effected by distribution within a country. However, freight and duties rarely permit this. On the other hand a local agent may gain certain advantages by personally delivering catalogues, especially when very valuable and bulky.

Duties on Catalogues. The Republic of Brazil compels the payment of $3\frac{1}{2}$ cents per pound when catalogues are imported in bulk to be distributed free of charge. Per-

TRADING WITH LATIN AMERICA

mission is granted to send catalogues by mail, provided that the quantity sent in any single mail is not so large as to be placed in the commercial category. It is advisable, therefore, to distribute the sending of catalogues to Brazil over a considerable period.

Correspondence with Catalogue. It is highly advisable that when a catalogue is sent it should be accompanied by a personally written letter. Even in the case of large distributions this is not expensive, because such letters can now be individually written in large quantities at a very small cost. Substantial results alone count and cannot be obtained by slighting details. Cheap form letters or circulars will not reach the point. A well-written letter usually insures for a catalogue respectful attention. When skillfully prepared, it almost invariably results in the retention of the catalogue. The latter will gain in the appreciation of Latin Americans if sent by registered mail. The slight additional cost is insignificant in comparison with results. Delivery also is ensured.

Miscellaneous Literature. Sales literature in general has great value. The rules laid down for catalogues apply practically *in toto* to circulars, pamphlets, etc. These have a very definite place in sales production in Latin America, and may be used advantageously by accompanying them with letters which have been properly prepared.



List of Buyers

Avoiding Waste. A failure to attend to details in connection with mailing lists is responsible for waste which reaches an enormous total. If the heads of mercantile and manufacturing establishments realized the possibilities of leakage in this branch of their business they would take immediate steps to guard against it. Systematic attention alone will prevent the accumulation of "dead wood" in the shape of names of dealers which offer no opportunity for the sale of manufactured products, or who have discontinued business.

Avoidable Losses. In circularizing Latin American markets, it is essential to guard against the inclusion of names of dealers who have no facilities for direct importations. Credit losses are most frequent among this class. Another group that must be guarded against consists of irresponsible firms, who, nevertheless, may be transacting a business of fair volume. Other names that are likely to creep into a list are those of individuals, who cannot make direct purchases. Names that appear in certain directories as importers frequently act only as agents. The retention of all these "undesirables" results in a needless expense.

Preparing Lists. In preparing a mailing list it is desirable to have names of all possible prospects. Such a list requires time to create. Infinite pains likewise are essential in order to maintain it at a high standard of efficiency. A good plan to pursue is the following:

- (a) Divide the grouping into a "good" list and an "off" file. The latter will be a receptacle for all names which are discarded. The reason for the discard should be specified on the card in case of future need.
- (b) The "good" list contains the names of dealers or importers which investigation proves worthy; customers who

have already received shipments; firms whose standing has been established and who may have asked for samples and requested prices; prospects considered worthy by local agents having representatives, etc.

Obtaining Names. This may be done in various ways. Following is a brief outline of the most convenient system:

- (a) Consult the "Trade Directory of South America," also the "Trade Directory of Central America and the West Indies." These are books issued by the Government, having been compiled under the direction of the Bureau of Foreign and Domestic Commerce by consular and commercial attaches. From time to time they are revised. The Government also supplies special lists of dealers which are employed by its agents.
- (b) Names also may be tentatively selected from "Kelly's Directory of the World." Other names may be found in local directories; such directories can be consulted at the Pan American Bureau, Washington, D. C., or may be purchased outright. There also are many local directories.
- (c) Export and technical trade journals as part of their service sometimes furnish names. If assurance can be given that they are compiled by representatives on the ground, they are a valuable nucleus.
- (d) Chambers of Commerce often aid their members by supplying names of dealers in foreign countries. They are, however, very frequently copied from directories, and the manufacturer should be very careful in accepting them without careful check.
- (e) Latin American banks may be approached. If the lists submitted are not too long, banks generally will comply with a request to scratch the names of undesirable firms and supply omissions. If this is done, banks in each city should be approached rather than attempting

IRVING NATIONAL BANK NEW YORK

to cover the whole of a republic by applying to one institution.

- (f) Local agents, traveling salesmen and brokers, located in ports where merchandise is cleared also can be asked to supply names, and every effort should be made to observe a system of checks and insure to the greatest degree possible the correctness of lists.

American Consuls. Many manufacturers, especially beginners in foreign trade, write indiscriminately to consuls, commercial agents and commercial attaches. This is not advisable unless done through the Bureau of Foreign and Domestic Commerce. Frequently the names desired are available at the Bureau, if they have not already been published in a Latin American trade directory.

Verifying Names. In verifying names, particularly through banks, or local agents, it is desirable to supply return postage. This can be done by sending for the stamps of the particular republic with which it is sought to do business (the American Consul can supply) or by using an International Reply Coupon (cost 6 cents) and usable in a great many countries.



Export and Foreign Trade Journals

General Character. The development of Latin American trade has been influenced in certain directions by export journals. Of these, there are several which have a large circulation in the southern republics. They make an appeal somewhat different from the trade paper in the domestic field, inasmuch as their circulation is a very general one, and it is necessary for them to cater to many interests. In the advertising columns may be found the announcements of American manufacturers, the range of products covered being very wide. This is accounted for by the fact that the Latin American importer frequently handles almost every imaginable article, and the interests of the importers are generally far more diversified than is the case in the United States.

How Export Journals Serve. In connection with the efforts to increase their advertising, export journals have been making a special effort to serve their advertisers. The assistance includes the furnishing of names to dealers, advice in regard to entering markets, translations, both general and technical, credit information, etc. In some instances special investigatory work has been undertaken on behalf of American shippers.

Proofs of Results. As in the case of publications generally, advertising managers subject the advertisements in export journals to severe tests. These include the following: (a) "Keying" the advertisement; (b) comparing the cost of inquiries from such advertisements with those obtainable by other means; (c) comparing the percentage of distribution with the number of prospects in a given place; (d) demanding audits of subscriptions.

Purpose of Advertisements. The advertisements for such journals must have reference to the accomplishment of very definite objects. These are: (a) Direct orders placed on

definite offers of merchandise; (b) inquiries for catalogues or printed matter; (c) general publicity. The cost of the advertisement, in relation to the manufacturer's ability to gauge results alone determines the value. Principles of application vary so much that no hard and fast rule can be given.

Effective Advertisements. In preparing advertisements for export journals the principles already discussed apply with direct force. The Latin American view point, correctness of translation, etc., must be considered. A definite offer or statement of advantages is preferable to the mere insertion of a firm's name or the picture of a large plant. As a rule, advertisements in export journals should be allowed to run for at least six months or a year. Quick results are possible only in rare cases. Buyers abroad must see frequent repetitions of the advertiser's name to induce them to buy.

Class, Technical and Trade Journals

Increasing Number. As in the United States, the number of publications in this class of journals is rapidly increasing. A greater interest is being manifested by merchants and business men generally in publications which deal with problems peculiar to their conditions and affairs.

General Value. The general value of papers of this character as advertising mediums is good. The subscribers naturally interested in the subjects discussed read the advertisements in the advertising sections. When these refer to improved processes, methods, or machinery, they arouse particular interest. However, advertisements, in neither class nor export papers, generally, can be expected to tell the whole story, nor should they be depended upon exclusively to develop trade in the Latin American countries.

Subscribers and Readers. The class journals are read by particular groups. Thus a very large circulation is enjoyed by a magazine which makes a strong appeal to farmers.

In this connection, it should be remembered that these groups frequently have other pursuits besides farming, and as a result the columns of the paper are used by advertisers who under ordinary circumstances would not be able to make their advertisements pay. Highly specialized papers, such as those devoted to mining, to engineering, to dry goods, shoe and leather interests, naturally have a narrower field, but reach the buyers for which intended.

Advertising Rates. The rates of these journals differ very materially. Before extensive contracts are placed, claims of circulation should be subjected to a test. Much money often can be saved by pursuing this method. A "key," therefore, is advisable.

Latin American Newspapers

General Character. The newspapers of the Latin American republics differ materially from each other. In the first place, there are many types of publications, and the difference in what they represent is as great as the variation in papers in the United States. In the larger communities, such as Buenos Aires, Santiago, Havana, etc., a few of the newspapers are as well printed, edited and distributed as the most important journals in the United States. In addition, there are many papers published in foreign languages, to supply the needs of particular portions of the population—Italian, French, German, English, etc.

Class of Readers. An analysis of the readers of the different papers is as necessary in planning an advertising campaign in Latin America as is a similar study at home. The character of the appeal, and the political complexion are important; there are many party organs.

Circulation. There is as wide a variation in the distribution of papers as in the United States. Advertising rates are

IRVING NATIONAL BANK NEW YORK

subject to great variation and advertisements often can be contracted for at lower figures than those specified in the tariff. For this additional reason, experienced advertising agencies should be engaged to place the advertisements. Almost invariably much money can be saved by this method, as bargaining is essential in buying space. For details, see a publication of the Bureau of Foreign and Domestic Commerce, "Foreign Publications for Advertising American Goods," Government Printing Office, Washington, D. C.; 25c.

Miscellaneous Magazines

Their Character. Besides the export, trade, and class journals, there are miscellaneous magazines which are published in the United States and circulate in the southern republics. These are often illustrated reviews, and are not confined to one class of readers. Some of them feature literary matters, others styles, still others, the home and its interests. The circulation of these journals is increasing and must have earnest consideration from the advertising standpoint. Typical of this group are: "Las Novedades" and "Pictorial Review" (Spanish edition), of New York, and "El Mercurio," of New Orleans.

Their Readers. These are of several classes, but particularly of the well-to-do, cultured groups. In the case of the journals which have a wide circulation among women, their advertising columns can be used extensively for developing inquiries for a direct-by-mail business. They also can be employed to create interest in a particular brand or trade mark by general publicity. The inclusion of the names and addresses of salesmen will prove of value.

Buyer's Guides. In addition to the magazines which may be used for advertising purposes, there are a number of annual publications in which advertisements also may be inserted. Some advertisers have found these of considerable use.

Advertising—Its Principles and Use

Advertising Valuable. Throughout Latin America the value of advertising is appreciated. Naturally, there have been varied degrees of adoption, and its efficiency also has been questioned at times because of the methods employed. It may be stated as a positive fact that in its highest development, the outlook for publicity of all kinds in the Latin American republics is extremely bright. It has an unlimited opportunity, particularly in view of the improving economic conditions of the masses, and because the field, in many places, is a virgin one.

General Purpose. A complaint, urged with justice in many cases, has been the failure of American manufacturers and exporters to take into consideration the Latin American view point. Campaigns, no matter how expensive, if modeled along American lines, may prove disastrous failures in the southern countries. On the other hand, by making the necessary changes sales arguments and selling material used in the United States can be successfully employed, provided that they are changed to meet Latin American conditions.

Advertising Campaigns. In view of the growing exports to the southern republics, it is reasonable to believe that the Latin American countries will witness a proportionate growth in campaigns conducted along American lines to increase the sale there of North American products. Such campaigns hardly will be planned without the co-operation of all who are interested—the salesman or general representative, importer, local agent and retailer. The greater the number of views obtained the greater the likelihood of success. This is due to the fact that there are numerous details involved, upon any one of which a campaign may depend.

IRVING NATIONAL BANK NEW YORK

Expert Advice. No matter how skilled the advertising manager in the United States may be, he should not plan the expenditure of a considerable sum in Latin America without obtaining the views and hearty co-operation of foreign advertising agencies. The reason is simple. Familiarity with the export situation, costs of media, taxes, licenses or permissions needed, etc., enable the Latin American agency to render material assistance. The names of such agencies may be found in the local directories of any of the larger capitals—Rio de Janeiro, Brazil; Santiago, Chile; Lima, Peru; Buenos Aires, Argentina, Mexico, etc. There are also certain agencies in New York and Chicago which are equipped for foreign trade development.

All Kinds Used. Advertising matter, of practically every kind, is of value in Latin American countries. Its use is not confined to newspapers, but novelties, signs, electrical displays, etc., all have a place. The particular kind selected depends exclusively upon the purpose for which it is planned. There are as great variations in the stores and shops of Latin America as in those of the United States. As a result, signs which would be displayed by an exclusive in New York City would appeal to the elite of Buenos Aires, but a display to attract the backwoodsman of Arkansas, if sent to Santiago, Chile, would react seriously upon the shipper. These are distinctions which constantly must be kept in mind.

Underlying Principles. No matter what form of advertisement is adopted, not only its ultimate use, but the conditions relative to its importation must be considered. Freights are very high, and in most of the countries duty is assessed. This, taken in connection with the landing charges, port costs and brokerage fees, often result in disputes, unless a definite understanding has been reached before shipment. Salesmen should be requested to bear this very clearly in mind and indicate definitely on orders whether advertising matter is desired. Occasionally, the manufacturer may be willing to assume the expense, in which case he should so indicate in the letter accompanying the shipping documents.

Other Factors. Advertising matter, bearing American retail prices, no matter how attractively printed, is worthless. Displays, with much matter printed in English, as a general rule, also are useless. The character of the store and ultimate destination of the matter must be studied. The foreign sales manager, who has made an investigation of conditions, should be charged with the duty of checking the advertising requisition. Important decisions of this nature should not be entrusted to the advertising man unfamiliar with conditions.

Kinds Desirable. Some of the more important advertising items with their accompanying details, are as follows:

- (a) *Signs.* These include those made of metal, cardboard, cloth, etc. If their display can be assured, they often prove extremely valuable. Striking poster designs are especially appreciated. Foreigners in general like striking effects.
- (b) *Electrical effects.* These are increasing in popularity. The flashing variety particularly serve to attract attention. Arrangements may be made to divide with dealers the cost of particularly expensive outfits.
- (c) *Displays.* The demand for this kind of advertising is rapidly on the increase. Displays, however, must be adapted to local needs and the accompanying printed matter should be in the language of the country.
- (d) *Specialties.* Specialty advertising has a distinct place as a means of introducing different articles. It can be used very effectively. As a race, the Latin American people appreciate souvenirs and do much to obtain them.
- (e) *Cinematograph.* In practically every community the display of motion pictures is as common as in this country. It is being used for advertising purposes, and arrangements can be made with many dealers for the display of slides advertising American products. They should be in the language of the country where displayed.

IRVING NATIONAL BANK NEW YORK

Assisting Dealers. Not only by the means already outlined, but by various other methods can a dealer be helped. Arrangements can be made to circularize, direct from the factory, lists of customers. This is often very effective, as it serves to bring customers to his store. Novelties also can be supplied, besides assistance in the preparation of his own advertising matter, etc. The only indispensable need is to inject the Latin American spirit into everything that is done.



Mail Order Trade

Present Business. During the last ten years, the custom of selling direct to the consumer in the Latin American countries has assumed important proportions. This was especially the case in the Republic of Mexico until the revolutionary disturbances compelled the abandonment of the parcel post. The number of purchasers throughout Central and South America who have opened accounts in the United States has been increased materially by the European war.

Future Outlook. The further extension of trade with the southern countries undoubtedly will be hastened by the efforts of American merchants to obtain a share of the business formerly done with Europe. Furthermore, the introduction of American goods has made for a great increase in the demand for articles of American manufacture. This applies particularly to novelties of all sorts which are very greatly appreciated everywhere in the southern countries. The number of Americans who are establishing themselves throughout Latin America make for a still further demand, particularly when they are located in out of the way places, difficult to reach, and where the opportunity for making purchases is very limited on account of small stocks carried.

Best Fields. When conditions are normal and peace reigns, the Republic of Mexico offers unusual opportunities for the mail order business. The conditions in the republics on the west coast, especially Chile, also are very promising for the growth of business by parcel post. Central America, particularly Honduras and Costa Rica, use the mails very freely for the carrying of parcels. The business man who is considering the mail order business with Latin America must consider the problems which are peculiar to each of the countries. No hard and fast rules can be given, as conditions are so dissimilar in each of the republics.

IRVING NATIONAL BANK NEW YORK

Buyers by Mail. These vary according to community. The well-paid American engineer and his family in an isolated mining camp is a good prospect. In Lima, Peru, the lady of fashion will order the most expensive apparel, millinery and incidentals. The group to approach is governed entirely by the character of the article it is sought to sell.

Beginning Business. An advantage of the mail order business in Latin America is that it can be developed from a small beginning. The outlay need not be very large, and an inexpensive catalogue, well prepared, often will produce excellent results. The foundation is, of course, the list of names to be circularized.

Obtaining Names. Names for mail order business may be obtained from the following sources:

- (a) Advertisements in the journals such as listed on pages 11 and 105. These serve to elicit inquiries.
- (b) Choosing arbitrarily names from directories.
- (c) Soliciting from addresses the names of friends.
- (d) Obtaining inquiries from advertisements in local newspapers or magazines.
- (e) Soliciting names from postmasters or other government officials (mayors of small towns). In certain places these officials are permitted to send them. The benefit of a small discount or gift will often be of assistance.

The Catalogue. This is of greatest importance when catalogues are used to solicit business by mail. In almost every instance the addressee is unacquainted with the mail order house and confidence must be established. This can be done only by the general appearance of the book, the reproduction therein of letters of reference or recommendation (preferably from banks or officials) and well prepared matter.

Terms. The terms on which business is done by mail usually are cash. Occasionally packages can be sent C. O. D., notably to Chile and Mexico (when conditions are favorable). In the

event that C. O. D. terms are adopted, it is best to insist that a percentage of the amount of the order be paid in advance. This helps greatly to protect the manufacturer and to insure acceptance of the parcel.

Surtaxes. In certain of the republics, particularly Salvador, a surtax is charged on the customs duties. This is done as a protection to business concerns whose operations are interfered with by the sale of merchandise direct to consumers. Other charges are those made for the delivery. No matter whether the postage has been paid in full at point of origin, an additional charge is collected at destination. This should be made clear in the printed matter, as the buyers who are unacquainted with the rule often think that insufficient postage has been placed on the package.

Packing. The proper packing of parcels sent by mail will aid greatly in increasing the business. A study of the principles laid down on page 121 is highly desirable. Waterproof material is absolutely indispensable. A study of the rules and regulations for the mailing of parcel post packages to foreign countries (outlined in the Postal Guide) should be considered carefully. The size of packages is extremely important, as the regulations vary in the matter of provision for width as well as length.

Parcel Post

Its Usefulness. The number of parcels carried to Latin American countries during the last two years has greatly increased. Many manufacturers find the Parcel Post particularly desirable because of the ease with which small packages may be sent.

Small Packages. The importers of many Latin American republics who wish to be free of the fees charged by customs agents have been ordering shipments to come by Parcel Post. In certain of the republics it has become usual to order large quantities of merchandise to be despatched in that manner. Delays are

IRVING NATIONAL BANK NEW YORK

obviated and greater satisfaction generally results, because the consignees can obtain the packages direct from the postoffice.

Samples. The sending of samples by mail also is increasing, and consequently influences the development of business which requires freight shipment.

Registration. Registration of Parcel Post packages is highly desirable. It tends to insure delivery and avoid complications. When claims have to be made they can be more easily traced.

Insurance. It is essential to insure all Parcel Post packages. Not only should they be covered by marine insurance, but risks of other kinds should be covered. Parcel Post packages are carried by steamers which are liable to be sunk or in which water damage also may occur.

Customs Clearance. One of the disadvantages in some of the countries is the fact that the government has specified certain offices in which Parcel Post packages must be entered. These offices usually are in a place in which a Custom House exists. When the Post Office is located in a place where there is no Custom House it is essential for the consignee to appoint a representative who shall take delivery for him. Information as to where such an office exists can be obtained by application to the Post Office officials, preferably in the Latin American republics.

Difficulties to Overcome. The development of a direct business with some of the Latin American countries is greatly hampered by the fact that neither Parcel Post nor Money Order arrangements exist. This is a condition which all business organizations should strive to overcome. It only can be done by great effort on the part of the American merchants working in co-operation with people of Latin America. In some places freight forwarding agencies or express companies can handle the shipments, but, of course, their rates are higher than would be the case with

TRADING WITH LATIN AMERICA

Parcel Post. Another drawback in certain of the republics is the fact that exchange fluctuates very greatly and it, therefore, is impossible for the consumer to know definitely what sum is to be paid.

Parcel Post Regulation. In the "Official Post Office Guide" is a table showing the regulations relating to the sending of parcels to each country. This guide may be consulted at any postoffice.



Tariffs

Effect on Importations. In the marketing of certain products of American manufacture the situation is so greatly influenced by the application of tariffs that an understanding of the principles on which the tariff is assessed will aid greatly to overcome the handicap of tariff restrictions.

Study of Tariffs. This should be undertaken simultaneously with an investigation of market possibilities. Tariffs are important because they influence not only the packing of goods but their marketing possibilities from every standpoint. Frequently, by knowing in advance the conditions which must be met, it is possible to alter the composition or change the process of manufacture to such an extent that articles otherwise unsalable can be adapted to requirements.

Meeting Conditions. A specific example is a change in the percentage of wool and cotton in a certain fabric. By reducing the percentage of wool and increasing that of cotton, the cloth may be imported at a lower rate than would otherwise be the case and obtain a correspondingly large sale. The tariff would sufficiently affect the price to exclude the cloth or to insure for it a wide sale.

Sources of Information. Tariff information is available from numerous sources. These chiefly are as follows:

- (a) *Bureau of Foreign and Domestic Commerce.* An important work of this Bureau is the investigation of foreign tariffs and the dissemination of information concerning them. Inquiries on any phase of Latin American tariffs are promptly answered. Under the Bureau's supervision numerous monographs have been

TRADING WITH LATIN AMERICA

published, and a very complete work referring exclusively to Latin American tariffs is now available.—("The Tariff Systems of South American Countries." Government Printing Office.)

- (b) *Kelly's Customs Tariff of the World.* This is an annual publication which contains much useful information. It must be remembered, however, that frequent changes are being made in the tariffs, which must be considered. (*Kelly's Directories*. New York. \$5.00.)
- (c) *Daily Commerce Reports.* These contain much information regarding the frequent changes in foreign tariffs. Notice also is given therein of the amendments to existing laws when these are contemplated by foreign governments.
- (d) *Shipping World Year Book.* This is an annual published in London. It contains a complete digest of tariff laws throughout the world.
- (e) *Exporters' Encyclopedia.* This contains additional matter concerning the tariffs of Latin America. These facts will be found in the opening paragraphs of each chapter.
- (f) *Latin American Consulates.* These, as a rule, are well supplied with tariff rules and regulations in their republics and can supply information needed upon demand.

Possible Effect of Tariff Upon Sale of Merchandise. This should be considered from the following standpoints:

- (a) Whether the existing tariff successfully excludes foreign products in protection of the home industry.
- (b) If, by making some change in the manufacturing process the purpose of the tariff may be evaded and a profitable sale of the article insured.
- (c) Analysis of foreign competition and the methods adopted by other nations to meet the restrictions.

IRVING NATIONAL BANK NEW YORK

- (d) An adequate consideration of the tariff law in relation to the goods in the matter of transportation, packing, display, etc.

Above Considerations Intimately Related. Most tariffs are based on gross weights, consequently the lightest package, with the maximum degree of safety, will be the most effective. On the other hand, certain products must be attractively displayed in order to insure a sale. Into such considerations enter the question of display cases, wrappings, etc. If these are not considered the display of goods may be seriously affected and to their disadvantage. Only a minute analysis, and a thorough study of all conditions, will enable the manufacturer to determine his course.

Purpose of Tariff. To produce revenue is the chief purpose of most Latin American tariffs, which the framers endeavor to base on scientific principles. In late years, some of the republics which are developing industries, have adopted tariffs for the purpose of protecting their manufacturers. The changing economic conditions in all of the countries will materially affect the tariffs, which undoubtedly will vary greatly from period to period. These changes should be carefully followed.

Surtaxes. These frequently are added after a custom law has been in force for a short time. These additional taxes are either added to make up the deficiencies in the Revenue or applied for the purpose of creating very special and definite funds. The item of exemptions also appears in certain tariffs, and may prove particularly advantageous to American manufacturers. The purpose of exempting certain articles naturally is to encourage their importation.

Careful Descriptions Essential. Declarations should state descriptions of articles carefully, for the reason that in many countries customs officials are entitled to the fines which result because of wrong declarations or descriptions.

TRADING WITH LATIN AMERICA

It also is essential, because it affects certain merchandise or manufacturers which may be exempt if properly designated in the declaration.

Information for Declarations. The information required in making perfect declarations can be secured by the following means: (a) Making a definite request of the merchant to state under which section of the tariff he desires the goods declared; (b) the exact description he wishes to have applied; (c) whether, in case an article has component parts, they are to be separated and declared as units. The manufacturer should insist upon the fullest directions. It is a good rule, in conducting export business, to assume no unnecessary risks and to place the burden upon the importer.

Variation in Tariff Laws. Custom laws vary greatly in different Latin American countries. On some articles a different tariff is assessed in each of the twenty countries. It also happens that the regulations as to the declarations on importations are quite distinct, consequently every article must be considered as a unit for each country.

Preferential Tariffs. These exist in some republics, notably Brazil. Because of previous arrangements the manufacturers of the United States are enabled to introduce their goods into the Brazilian market at a considerable reduction in the tariff. By consulting the section in the tariff relating to Brazil the exact titles of these can be learned.



Filling Orders, Packing and Marking

Small Orders Important. Great importance attaches to the proper filling of small orders originating in Latin America. Short-sighted American manufacturers often do not realize that a small initial purchase may be the forerunner of a trade of large volume. Latin American importers frequently order only small quantities in order to test the methods of the manufacturers they seek to patronize. If the shipments are found satisfactory, according to sample or description in catalogue and generally profitable, they may lead to large business.

System. This is absolutely necessary. There must be a definite system for handling foreign business, and it must be strictly adhered to. The importance of definitely placing responsibility is great. Standardizing the treatment accorded Latin American business minimizes the possibility of errors and delays.

Promptness. This helps greatly to develop foreign trade. The importer who realizes from the preferred attention given to his orders that export trade is not a "side issue" with the manufacturer but a business that is valued will be more likely to buy frequently and in increasing quantities than if given to understand that export orders are secondary to domestic purchases. When this fact is realized more fully by American merchants, the winning of foreign markets will be greatly expedited.

Comply with Instructions. This is a prime requisite. Unless the manufacturer is willing to do this he should not solicit orders from Latin America. Naturally the buyer in the southern republics prefers to give the simplest possible directions, and special instructions invariably are based on specific needs. Details such as special assortments, wrappings, labels, etc., play an important part in the ultimate sale. The importer contending with

TRADING WITH LATIN AMERICA

inadequate steamship or railway service, complicated tariffs, etc., is compelled to resort to every possible means to overcome these obstacles. If his requests are ignored through ignorance or inattention, grave losses may ensue.

Packing. This should not be done blindly. If specific instructions are not given on the order (and this occurs only rarely) it is advisable to ascertain just what sort of conditions exist, not only at ultimate destination but en route. Perhaps no feature in export trade development has been more severely criticised than packing. That this drawback is not insurmountable is proven by the extraordinary success achieved by certain American manufacturers who have made a scientific study of the packing requirements of their markets.

Packing Information. This may be obtained from the following sources:

- (a) From agents of the Bureau of Foreign and Domestic Commerce. If no branch office is accessible, it may be had direct from the Bureau at Washington, D. C.
- (b) From the pamphlet issued by the Bureau of Foreign and Domestic Commerce entitled "Packing for Export."
- (c) By reference to the "Exporters' Encyclopedia," which gives in particular the exact routes to be followed in shipping.
- (d) From the Foreign Trade Bureaus maintained by Chambers of Commerce, Export Associations, etc.
- (e) From the Foreign Trade Departments of American banks.

Important Considerations. Exporters should be posted concerning conditions en route apt to affect the safety and condition of shipment, or cost of transport and handling. Important among these are the following:

IRVING NATIONAL BANK NEW YORK

1. Appearance.

The merchandise should present the most desirable appearance upon arrival. While certain changes have to be made to minimize duties, etc., the general character of the article should be preserved to the greatest possible extent.

2. Climate and Weather Conditions.

Not only may the shipment be subjected to damage while en route from the factory to port, but on shipboard, particularly is it subject to spoilage from heat, leakage of the cargo, water damage, breakage from shifting, etc. Even though a shipment may be free of damage while in northern latitudes, it may suffer injury from the tropical heat near the Equator.

3. Transportation.

A shipment is frequently carried to its destination by various methods. It is subject to deterioration and damage, both by handling and from other causes while on the railroad or steamship lines. The arrival in the country of destination may necessitate further carriage by animals or on the backs of natives.

4. Unloading.

In many places there are no facilities for docking vessels at wharves and it is necessary to "lighter" cargo. This must be done under a variety of conditions, and during heavy rain storms cargoes may be damaged by water. This also may happen if a package, on account of high seas, falls overboard.

Additional Dangers. In transportation to the interior traveling conditions frequently become extremely bad.

Not only may the climate be tropical but heavy and frequent rains may fall, and the facilities for warehousing may be inadequate. The roads, or rather trails, through the mountains are oftentimes extremely narrow, and possible injury from scraping against rocks is a constant source of danger. In addition, there may be unexpected or

TRADING WITH LATIN AMERICA

sudden rainfalls, heavy dew, etc. The heat sometimes generated within the hold of a steamer in the tropics is so great as to cause injury.

Packing for Mule Back. Transportation on pack animals often is required. The maximum load which a mule can carry on the back is around 200 to 250 pounds, depending upon the road. If the cargo can be divided into two loads and carried on either side the weight of each package should be, as nearly as possible, evenly divided. Length of package also is important, in order not to interfere with the walking and should not exceed three feet. The width and height should be from 12 to 14 inches.

Protection Against Moisture. Because of the conditions outlined, protection against moisture is important, even when parcels are sent by mail. There are numerous waterproof wrappings obtainable. One of the most desirable is oilcloth, for which (when used) a charge is made, covering its cost. This can then be sold by the importer. Even though specific instructions for the use of waterproof material may not accompany orders it invariably should be employed.

Waterproof Cases. These are sometimes used when conditions warrant. They are made by using zinc or tin linings which conform perfectly to the wooden case and are made by a tinsmith. When the contents have been properly packed, the lid is soldered on, making the case absolutely proof against water damage of any kind. These cases or linings are salable. For these, the exporter may charge.

Shapes and Sizes. The dimensions and weights of cases must be carefully considered. This is not so important when deliveries can be made direct to wharves or ports; where animal transportation into the interior is concerned it is a more important matter. On the whole, cases that are not too large are preferred. An average dimension much in demand is 36 inches by 24 inches. In the case of merchandise carried on mule back the size given on

IRVING NATIONAL BANK NEW YORK

page 122 is most desirable. The boards used in making cases always must be selected with reference to the contents; flimsy or light weights are sure to cause trouble. A number of small cases may be securely crated together.

Rust Damage. This occurs frequently, especially in the case of machinery, tools, etc. It is particularly likely to happen when shipments are long en route. It must be remembered that in many cases consignments cannot be carried directly to destination, and while they are lying in warehouse awaiting forwarding, rust may gather. It often is the custom to use paraffine coating, oil, or similar substances for the purpose of such protection.

High Tariffs. These exist in many countries and must be guarded against by packing which will minimize the charges. This is particularly so where tariff is assessed on the basis of weight. The exporter should ascertain just what is to be done in regard to interior packings, such as the display cases, special wrappings, etc. If in doubt, an inquiry of the customer is essential to avoid later claims for excess duty, which is often collected, both for the article itself and for its wrappings in addition. It is desirable to make a detailed study of such conditions in order to equalize the advantages possessed by other nationalities.

Different Goods. Merchandise of varied character, if packed in one case, under the tariff rules of certain countries, demands payment of tariff assessed on the highest bases. This means, if merchandise which pays only 40 per cent tariff is included in the same container with merchandise on which the tariff is 60 per cent, it will be taxed on the latter basis. When such conditions exist it sometimes is desirable to make separate packages. It also frequently is necessary to pack the trimmings separately from the main objects which they adorn to avoid a much higher rate on the latter if the trimmings are affixed.

Correct Weights. In the declarations of merchandise imported into Latin America correct weights are absolutely essential. This detail should not be slighted, but every effort for ac-

curacy should be made. Weights are demanded on many documents, including invoices, bills of lading, etc. In Latin America they usually are required in the metric system.

Weights Required. The essential weights are gross, net, legal and sometimes tare. The *gross weight* includes the entire weight of the parcel or package, with all the materials used in packing it. *Net weight* is the mere weight of the merchandise itself with no packing of any kind. The *legal weight* is the weight of the article, together with the weight of the container in which it is placed or the paper with which it is wrapped. *Tare weight*, of course, is that usually understood in the United States, being merely the weight of the wrapper or case.

Useless Packing. Waste material should not be used in packing. By waste is meant the stuffing so often employed in the United States. Ocean rates are extremely high and calculated on bulk. As a consequence, it is desirable to effect every possible saving. Cases should be selected with reference to contents rather than chosen at random and "filled out." Freight paid on waste material is very expensive.

Prime Materials. Only the best materials should be employed in packing cases. The wood selected should not be chosen because of its cheapness, but selected to withstand the hard usage which it will receive while en route. It is desirable to strap every case with iron bands, and, when the contents are particularly valuable, to bind them with wire and effectively seal them with lead seals; if this is done, claims for damage or loss are more easily collectible, and pilferage is made difficult.

Miscellaneous "Don'ts." These are numerous. They include caution against the use of second-hand cases; advertisements indicating the character of the contents; these merely serve to invite pilfering. Many unnecessary charges can be saved, both in the United States and at destination, if the shipment is not packed in too many small boxes. Screws should be used to fasten

IRVING NATIONAL BANK NEW YORK

the lids when this is practicable, rather than nails; boxes so fastened are far more difficult to open.

Proper Marking. This is one of the first details to which manufacturers, who undertake export business, must give their attention. A consideration of this detail would serve to avoid complaints, non-deliveries, losses because of delays, etc.

Stenciling Cases. In many instances, Latin American countries demand that all marks used be applied with a stencil; when marks are affixed by the old-fashioned brush method they are not permitted to be imported. In addition to the proper marking, which must be applied on several parts of a package, it also is necessary to specify the net and gross weight in kilos. These weights are a guide to the stevedores who must unload the vessels or lighters and can thus tell what sort of block and tackle to use.

Consecutive Numbering. This is highly essential. When shipments contain a large number of cases it is particularly important that every case bear a number and that it be placed on the invoice as well. When this is done it is easy for the consignee to check the consignment and to discover possible shortages. Serial marking should be used when component parts of a machine or article are packed in different cases. This distinguishing feature will make it possible to assemble them easily and quickly.

Consignee's Marks. These can be applied in various ways. It is customary to use initials in order to prevent competitors from ascertaining the destination of shipments. Sometimes, in addition, a number is used, this being either the number of the order or one arbitrarily adopted to identify the merchandise. (For all details, see "Packing for Export," Miscellaneous Series No. 5, Government Printing Office, Washington, D. C.)

Dispatching Shipments

Dispatching Shipments. Freight forwarding to the southern republics involves considerable detail; and it can be handled in various ways. When the manufacturer is represented in New York City or other port from which he can ship, his own employees can attend to the papers. When he is not so represented it is necessary for him to decide upon the best means of having his consignments forwarded. Following is a brief list of the means to which he can resort, with a short outline of each:

- (a) *Foreign Freight Agents of Railroad Companies.* The growth of the foreign trade of the United States has compelled many transportation companies to enlarge their facilities for attending to export details. It often happens that no charge is made for the service, this condition having been brought about by keen competition. In many instances, where a charge is made, it is nominal only.
- (b) *Express Companies with Foreign Freight Departments.* Some of the express companies which are doing a large business abroad, include freight forwarding in their service. Their foreign departments are well organized and able to render good service. With the express companies compete the trucking or drayage concerns, who still further crowd the field, frequently looking after every detail of forwarding, as well as drayage and transfer.
- (c) *Steamship Lines.* These for some time have been following the policy of forwarding shipments consigned to their care. This rule does not apply to all lines, but certain companies which have sailings for Cuba, Porto Rico and Central America, etc., are glad to attend to the necessary documents, etc.

IRVING NATIONAL BANK NEW YORK

(d) *Foreign Freight Forwarders.*

One of the chief factors in forwarding freight from New York is the forwarding agent. The business of freight forwarding has increased very rapidly, and many of the concerns are exceedingly large. Reliable firms can be of material aid, not only in the prompt despatch of shipments, but in obtaining and quoting rates for steamship space. Forwarding agents, like all who attend to despatching shipments, make a small charge.

Freight Rates. Steamships are not always available. As a result freight rates fluctuate greatly. There is no official means of supervising these, inasmuch as so many foreign companies are in competition. Because of this fact freight agents (forwarding companies) often are able to quote lower than the tariff usually fixed. This is done by contracting with the steamship line for a certain amount of space at a given figure, and then reletting it. The difference, less expenses, is one of the profits of the forwarding company.

Miscellaneous Aid. The assistance given by freight forwarders includes the following: (a) Locating shipment on arrival at port; (b) transfer to steamship line; (c) obtaining government permits for export; (d) attending to necessary shipping details, including application for space, etc.; (e) contracting for the freight rate; (f) arranging for necessary insurance (risks of war, pilferage, miscellaneous damage, marine loss, etc.); preparation of drafts and other documents; (g) forwarding of the papers to destination; (h) arranging for discount of drafts (either on own account or for that of shipper).

Caution Required. In choosing a freight forwarding agent much caution is necessary because of the fact that there are so many unreliable agencies. It is the practice of these concerns (which have no standing), to take advantage of the ignorance of the manufacturer located in the interior for the purpose of rendering invoices which are incorrect, etc. While the practices of

TRADING WITH LATIN AMERICA

such concerns may eventually become public, they nevertheless are a source of considerable annoyance and trouble to Latin American buyers while they operate.

Express and Parcel Business. This often is carried on by the freight forwarding concern. This is due to the fact that the concern can use the space for which it contracts in any way it sees fit. As a consequence, the charges made by freight forwarders for small packages often are less than the rate quoted by a steamship line for a minimum bill of lading. For the same reason freight forwarding agencies are able to send on one bill of lading miscellaneous small shipments as a combination lot which otherwise could not be forwarded, except at excessive cost.

Fees Charged. The rates of freight forwarding agents differ somewhat. It is the custom to make a small charge of from one to two dollars for the preparation of the invoice translation of the documents, etc. When forwarders look after insurance there is a further charge and commission and likewise one on the transfer charges, etc. In any event it is desirable to consult with and obtain quotations from a number of agencies in order to be sure that the proper rate is being paid.

Ocean Freight Rates. These, unlike rates on railroads, are quoted on the basis of measurement. However, because of the character of certain freight which exceeds 56 pounds per cubic foot in weight, steamship lines assume the privilege of forwarding on that basis. It is important to note the difference between the ton of 2,000 pounds as used on land and the ocean ton—2,240 pounds—calculated to equal 40 cubic feet. Measurements always take into consideration the absolute outside dimensions, and when strips of wood are attached to cases or containers of any kind, the outside of these is the basis upon which the freight is charged.

"Primage." Ocean rates include the word "primage." It should be considered in every calculation. It is the survival of an old system which provided for a percentage to be added to the rate.



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Rates for Ocean Freight. These may be secured from the following:

- (a) In the interior, from the railroad companies. The export agent, when one exists, or the commercial agent, can quote or wire for rates.
- (b) Freight forwarding agencies and express companies in New York, or through their branches in the interior, will gladly quote whenever in a position to do so.
- (c) Steamship lines, either from their New York offices or from branches in interior cities, will supply the data required.

Minimum Charges. These invariably are fixed by steamship lines, a specified quantity in weight or measurement of freight being given. It is because of this minimum bill of lading that application should be made to freight forwarding agencies for rates on small shipments.

Dispatching Documents. The forwarding of documents promptly is a prime essential. It is of utmost importance that papers covering shipments go by the same steamer that carries the shipments. If this is not done they cannot be removed promptly from the warehouses at destination. As a result, storage charges accrue. Furthermore, consignees may need the goods badly and the delay in getting them may result disastrously for the shipper. When the manufacturer himself attends to forwarding the papers, not depending on forwarding agents, it is quite as vital that this matter be given attention.

Economical Routing. This should be sought in the case of every shipment. The Latin American importer appreciates the efforts of his correspondent to route shipments properly in order to obtain the advantage of every effort and economy; the freight situation in New York especially, is such that before dispatching freight for Latin America a study should be made to ascertain the dock or wharf at which the steamer (which will carry

TRADING WITH LATIN AMERICA

it) is located. This having been learned, the consignment should be placed in the hands of a railroad with terminals in proximity to the steamship line. By adopting this course, transfer and drayage charges may be minimized.

Freight Prepayment. Advance payment of freight charges invariably is demanded. Shipments are not forwarded unless charges are fully covered. Both steamship and railroad companies prefer to have, at least, the charges for the freight from the interior city to the port fully paid at point of origin.

Forwarding Routine. The following outline of the manner in which goods are despatched from New York, and of the papers that are necessary for their clearance, will prove of value:

- (a) Arrival of shipment on railroad at terminal. In case of very large shipments in carload lots free lighterage is granted, provided the bill of lading is marked very plainly "for export, lighterage free."
- (b) Shipping permits are requested from the steamship line that is to carry the freight. If arrangements have been made for space, either direct or through a forwarding agency, the permit is granted. This document shows these details: Date on which the shipment can be received at the steamer; time; place of delivery, etc.
- (c) The shipping permit is turned over to the truckman, who carries the freight to the railroad terminal where it is delivered at the place marked in the permit.
- (d) In lieu of the dray ticket, also carried by the truckman, a receipt is granted by the clerk of the steamship company. Necessarily, the dray ticket must bear complete information regarding the marks, numbers, weights, etc., of the shipment, in addition to an accurate description thereof.

IRVING NATIONAL BANK NEW YORK

- (e) The steamship bill of lading is issued upon delivery of the receipt granted at the dock. This is the final receipt and must be particularly well guarded because in it are vested all the rights to the shipment which it covers. (see specimen opposite.)
- (f) United States Customs clearance. Before a bill of lading is issued by a steamship company it is necessary to furnish a Custom House clearance which has been obtained from a Collector of Customs. This document is very important because it is required by the Customs officials and must be supplied with the ship's manifests to obtain clearance papers. The need for such documents is apparent when it is realized that their purpose is to prevent illegal shipments of various kinds. These clearances are attended with considerable formality, and strict regulations regarding them have been adopted by the Government. Full information about these papers may be had of freight forwarders and of forwarding agencies.
- (g) Declaration and Certificate of Origin of Merchandise. This document furnishes proof of the origin of the merchandise and gives certain other details. It is called "Shipper's Export Declaration." (For specimen see page 127.)



Documentation for Shipments

Proper Invoicing. This is an important essential in the upbuilding of export trade. When it is considered that the consignee is often located thousands of miles from the point of origin, and has no other means of checking a shipment, the value of good invoicing to him is readily apparent.

Supplying Details. Requests of the Latin American merchant regarding invoices often may seem absurd to the manufacturer. Instructions regarding these documents should be complied with as cheerfully and as conscientiously as is the case with instructions relative to shipping, packing, etc. Other things being equal, the Latin American importer prefers a manufacturer whose documents are free from error, accurate in description, and easily checked. (See specimen invoice opposite.)

Requirements. The details which apply to almost all invoices are the following: Write full descriptions; no abbreviations. Be specific; state the exact character of the material; when trimmed with other material, be sure to specify such. Discounts, if granted, should be so specified that the exact net cost to the Latin American importer is shown with each extension. The exact character of the containers should be stated, and whether cases or barrels, bales, crates, etc. The length, width and depth should be specified in meters, for each case. In addition, the weights (gross, legal or net) in kilos also should be shown. A separate invoice should be rendered for freight insurance and other items. (See specimen page 134.) The use of the dollar sign and gold dollar likewise should be encouraged. It should be stated on the invoice whether prices are f. o. b. (mentioning whether f. o. b. point of origin or f. o. b. shipping port) or c. i. f. or f. a. s. (For meaning of these quotations see page 85.)

Numbering and Coding. These details on invoices are much appreciated by the Latin American dealer. The advantages are obvious. With this information the cabling for addi-

IRVING NATIONAL BANK NEW YORK

tional shipments is greatly simplified. Cable codes used should be specified on the invoice. The manufacturer should choose the code most useful to his particular trade. There are many codes adaptable for export uses; they can be bought as outlined on page 163.

Signing Invoices. Signatures are desirable in all cases and compulsory in some. As a means of showing the Latin American that his business is receiving personal attention, the signature of a firm member on the invoice is highly complimentary. The Cuban Government requires that certain invoices bear the signature of the owner-shipper of the merchandise. The form of declaration to be used can be seen in "The Exporters Encyclopedia," as may also full details regarding the requirements of other foreign governments regarding shipping documents.

Consular Invoices. The preparation of these documents is another important step in exporting. They are made on blanks, especially printed for the purpose, and are obtainable either at the offices of the Consuls General of the Republics or in stationery stores which make a specialty of this business. The consular invoice is used by the Latin American countries to determine the duty which is to be assessed. The preparation of consular invoices must be done conscientiously, or fines may result. (See model opposite page 138.)

Consular Requirements. The requirements for consular invoices are fully outlined in the "Exporters Encyclopedia." They usually require the description of the merchandise properly itemized, a memorandum of the value, and the tariff classification under which it is desired to clear the shipment. In the case of merchants who conduct their business direct from their factories in the interior, it is customary to consign the shipments in care of a forwarder, calling attention to the matter of details. In such cases the consular invoices, export bills of lading, and other documents required are supplied by the freight forwarder who makes a slight charge for his services. See also "Consular Regulations of Foreign Countries—Latin America and Canada"—Tariff Series No. 24. Superintendent of Documents, Washington, D. C. 10c.

Documents—Financial

Why Important. American manufacturers who are accustomed to the simplicity of business transactions in the United States, cannot at first understand why certain documents are necessary in foreign trade. Such papers are required because foreign governments need to keep proper records, are compelled to exact information on which to base customs duties, etc. Such shipments also are handled by carriers other than those common in the United States, while the financing, likewise, materially affects the number of documents involved. If the principles of exporting are clearly understood, documentation is not a formidable obstacle. In this matter also the American business man must have the proper viewpoint.

Bank Credit. Foreign importers often establish credits with an American banking institution. This may be done to satisfy a manufacturer who will not extend credit. By insuring the prompt payment of bills incurred in the United States, Latin Americans may obtain extra cash discounts. Bank credits can be arranged in several ways. These are chiefly as follows: (a) the foreigner makes a remittance directly to the bank out of which payments are made for his account; (b) the foreign importer's local bank authorizes the American institution to honor the drafts of American firms up to a given maximum for the account of its client. When American shippers present bills of lading and other indispensable documents payments are made them, based on these arrangements.

Negotiable Documents. The greatest percentage of export business is handled with negotiable documents. This is due to the fact that the use of such instruments materially increases the ease of financing foreign trade. The requirements of financial institutions are very definite, and must be strictly complied with.

IRVING NATIONAL BANK NEW YORK

Documentary Drafts. Documentary drafts are those to which certain documents are attached, forwarded to the banking house in a foreign country for immediate collection, or for acceptance by the drawee and his eventual payment. The documents usually accompanying a draft on Latin America are: (a) the original bill of lading with any negotiable copy; (b) the insurance certificate covering the various risks against which it has been decided to secure protection; (c) certificate of origin or other special document of that nature made necessary by the customs laws. (d) invoice (depending upon conditions) when it is exacted by the banking institution, customer, etc. (See specimen opposite page 138.)

Clean Drafts. A clean draft is exactly what its name implies; it is unaccompanied by any documents. In the ordinary course of business it may be a draft made in accordance with previous agreements, to be paid at a certain number of days after the shipment has been forwarded. In other instances it may be used by the shipper as a means to hurry the payment of an account which has run beyond maturity.

Drafts "D. A." and "D. P." The meanings of these abbreviations are: "Documents to be delivered upon acceptance" or "documents to be delivered upon payment." Every draft should be plainly marked whether it is "D. A." or "D. P."

Presenting Drafts. When a draft is drawn at a certain number of days' sight, the bank either presents the draft or notifies the drawee to call, in order to accept same, which is accomplished by writing his name on the face of the draft, invariably adding the date of acceptance, and sometimes the date of payment. The bank then either holds the document until maturity or it returns the accepted paper to its American correspondent. In practice, drafts are very seldom returned, being held by the foreign bank for collection at maturity.

TRADING WITH LATIN AMERICA

Acceptance Charges. Foreign banks generally make a charge for obtaining acceptance if the bill is not left with them for collection at maturity. Drafts at sight require the instant attention of the drawee, but sometimes they are held for a few days in accordance with the usages of the place of collection.

"To Order" Documents. When shipments are made under this condition all the papers in connection are written "To Order"; thus instead of writing the name of the consignee, the words are "To Order," and immediately thereunder "Notify" then the name and address of the foreign buyer. Order bills of lading require the endorsement of the shipper.

Export Credits. In many cases foreign buyers arrange that payment for merchandise bought of American manufacturers be made upon presentation of a complete set of shipping documents to an American bank either at the point of shipment or at a seaboard city such as New York. This is accomplished by means of the Export Credit. A foreign buyer may arrange the terms of the credit directly with the American bank or through the intermediary of a foreign bank. The establishment of such credits may be secured by cash or by suitable guarantee and it also may be arranged that the American bank make payment on presentation of the proper documents, or that the American bank shall accept a time draft detaching the documents at once and forwarding them to the foreign buyer. (See specimen opposite.) (For specimen of "Irrevocable" credit, see page 137B.)

Import Credits. The Import Credit is exactly the reverse of an Export Credit and may be arranged for the purpose of effecting payment for merchandise imported into the United States. The credit may provide for payment by the American bank on presentation of the proper documents or the American bank may arrange with its foreign connection that payment is to be made by the foreign bank or an acceptance is to be given by the foreign bank when

IRVING NATIONAL BANK NEW YORK

the proper documents are presented to it. A copy of the document which is required to complete such a transaction will be found on page 139. Note particularly the Bank Acceptance which is a document that is assuming increasing importance in international commerce.

Documents—Forwarding and Collecting

Drafts for Discount. In the great majority of instances drafts covering "to order" shipments are discounted.

American banks do not as a rule like to discount drafts running over three months sight. In the case of goods sold on longer terms, draft may be sent forward for acceptance and return. The shipper will hold the draft until within three or four months from maturity and then discount it.

Forwarding Drafts. In forwarding drafts several methods may be used, depending upon conditions. The drafts with attached documents may be handled through the shippers' local bank; through a bank in a central city; or may be forwarded direct to a bank in Latin America. In the first instance the local bank would be apt to forward the draft to a bank in a central city having extensive foreign connections which in turn would forward it to a bank in a prominent city in the Latin American country, which in turn would relay it to its correspondent or branch in the smaller town or city on which it might be drawn. Each link in the above chain would pass on definite instructions as to the procedure to be followed with reference to acceptance, delivery of documents, holding or returning after acceptance, etc., as previously outlined.

Instructions With Drafts. In the matter of such documents, clarity is as essential as in all other details involved in foreign trade. Nothing should be left to the imagination. All those who have anything to do with the papers should be able to determine definitely what action to take under given circumstances. The chief points to make clear are the following: (a) Whether a draft drawn "D. A." after its acceptance should be held until ma-

TRADING WITH LATIN AMERICA

**IRVING NATIONAL BANK
NEW YORK**



New York, June 18, 1917

Export Credit No. 191

Expiring November 30, 1917

**Messrs. John Doe & Company,
New York City.**

Gentlemen:-

We are informed that you will draw upon us for account of - - Jose Alfa - - at - - - sight - - - - - to the extent of **TEN THOUSAND AND 00/100 DOLLARS (\$10,000.00)** covering a shipment of merchandise.

Documents (Complete sets unless otherwise stated) comprising:
Bills of Lading issued to order, endorsed in blank

Invoices

Insurance Policies covering marine and war risk.
to be delivered to us against payment

Insurance as above.

This letter is for your guidance in preparing documents and conveys no engagement on the part of this Bank as we have no instructions to confirm the Credit.

Bills of Lading issued by Forwarding Agents will not be accepted unless specifically authorized herein, and any modifications of the terms of the credit must be in writing over authorized signatures of this Bank.

Drawings must clearly specify the number of this Credit.

Yours very truly,

PRO FORMA

Vice-President.

(137-A)

TRADING WITH LATIN AMERICA

**IRVING NATIONAL BANK
NEW YORK**



New York, June 18, 1917

Irrevocable Export Credit No. 189

Expiring December 31, 1917

Messrs. John Smith & Company,
New York City.

Gentlemen:-

You are hereby authorized to draw upon us for account of - - Juan Alvarez - at - - - - sight - - - - to the extent of **FIVE THOUSAND AND 00/100 DOLLARS (\$5,000.00)** covering a shipment of merchandise.

Documents (Complete sets unless otherwise stated) comprising:
Bills of Lading issued to order, endorsed in blank

Invoices

Insurance Policies covering marine and war risk
to be delivered to us against payment

Insurance as above.

Bills of Lading issued by Forwarding Agents will not be accepted unless specifically authorized herein, and any modifications of the terms of the credit must be in writing over authorized signatures of this Bank.

Drawings must clearly specify the number of this credit.

Yours very truly,

PRO FORMA

Entered

Vice-President.

TRADING WITH LATIN AMERICA

turity, or returned to the American bank; (b) Whether the documents, including the Bill of Lading, etc., shall be turned over upon acceptance or held until payment; (c) What action should be taken by the bank in case of non-acceptance; (d) Instructions should be very clear as to turning over the documents to an agent of the manufacturer in the event of non-payment or non-acceptance. Responsibility will not be assumed by any bank in such a matter. When perishable goods are involved this is highly important. Instructions covering eventualities are drawn as "In case of Need," and should be explicit.

Non-Payment. It is highly advisable, particularly in the case of shipments involving perishable goods, to note on the draft who shall be notified in the event payment is refused. By taking this precaution and arranging to be notified promptly, it is possible to materially reduce losses, caused by non-acceptance. It also is well that arrangements be made in advance for notification by cable: this precaution is to guard against delays resulting from loss of time required for correspondence.

Special Clauses. One of the causes for dissension between American shippers and Latin American merchants is in reference to collection charges and exchange rates. To obviate this difficulty and depending upon the arrangements that have been made with the buyer by the salesman, certain words should be used. These are (a) "Payable at the bank's selling rate for sight draft on New York," or (b) "For ninety day drafts on New York."

Interest Charge. A European custom that frequently is observed in the United States, is the charging of interest for the period during which a draft runs. This may be either from its date to maturity, or from acceptance at a certain number of days sight until paid. It may even include the time that a remittance requires to reach the United States. When transactions reach a large volume, this is an important item. Export commission houses generally charge interest for the entire period.

TRADING WITH LATIN AMERICA

back hereof at the time of negotiation.

Yours very truly

PRO

Vice-Pres

(139)

The Remington Arms & Union Metallic Cartridge Company, Inc.

Exchange for

\$1200.00 / 100

26th 1917.

This FIRST

of Exch

TWELVE HUNDRED

Value received
FAYABLE AT BANK

To C. STEVENSON

SANTIAGO

Cartridge Company, Inc.

No.

MITTERHARD, REED & CO., NEW YORK

date to maturity, or from acceptance at a certain time until paid. It may even include the time that a remittance requires to reach the United States. When transactions reach a large volume, this is an important item. Export commission houses generally charge interest for the entire period.

TRADING WITH LATIN AMERICA
IRVING NATIONAL BANK
NEW YORK



\$50,000.00 - - - - - New York, June 30th, 1916.

Letter of Credit No. 0500.

**Mr. Juan Lopez,
Buenos Aires, Argentine**

Dear Sir:

You are hereby authorized to value
on Irving National Bank, New York City. - - - - -
at sight. - - - - -
for account of Mr. John Blank, New York City. - - - - -
for any sum or sums not exceeding in all Fifty Thousand Dollars ,
(\$50,000.00) - - - - -
to cover invoice cost of Merchandise. - - - - -
to be shipped to New York during August. - - - - -

The shipments must be completed and drafts
drawn on or before August 31st, 1916. Marine Insurance fully
covering the merchandise including war risk effected here. - -

The Bills of Lading to be issued to order of
Irving National Bank, New York, and one negotiable copy of each set
with Consular Invoice to be forwarded to us immediately.

All the remaining Bills of Lading accompanied
by abstract of invoice - - - - -
to be attached to drafts and surrendered against acceptance or remitted
direct to the drawees with advice of draft.

And we hereby agree with the drawers,
endorsers and bona fide holders of the bills, drawn in compliance with
the terms of this credit that the same shall be duly honored on presenta-
tion by above named drawees.

Drafts under this credit to contain the clause
"Drawn under Credit No. 0500 of the Irving National Bank, New
York, dated New York, June 30th, 1916" and to be noted on the
back hereof at the time of negotiation.

Yours very truly

PRO FORMA

Vice-President.

IRVING NATIONAL BANK NEW YORK

Exchange. One of the factors which frequently has been a detriment in doing business with Latin America is the wide fluctuation in exchange. Merchants often have been unable to figure definitely the cost of their goods, not knowing at what rate they would have to pay. Because of this difficulty, misunderstandings frequently have arisen. At maturity, the exchange having risen or fallen (to the advantage or disadvantage of the importer) payment may be delayed. It is to the shipper's advantage to guard against this practice. By having it clearly understood that all drafts must be paid promptly, many difficulties can be avoided.

Commission Charges. Bank charges for collecting, as already indicated, vary greatly, but salesmen should be instructed to make this point clear so that there will be no misunderstanding. Duplicate order blanks should bear the notation that the drafts drawn in payment the invoice are to include interest, and that the cost of making the collection (exch: ge) is to be paid by the importer. Drafts on prominent cities in Latin America may be collected at a cost of $\frac{1}{8}$ to $\frac{1}{4}$ per cent. For the reasons stated, however, they may reach from 1 per cent to 2 per cent and occasionally higher; the latter charge is extremely infrequent and usually obtains only in the case of some place very difficult of access.

Drafts Negotiable. The new rules of the Federal Reserve Board make it possible to use the bank acceptance as a means of discounting foreign drafts. This is accomplished by delivering the draft and documents to the bank. They then may be considered as collateral and an acceptance drawn against the bank.

Where Negotiable. When the credit of the maker of the draft is unquestioned, following are some of the places where such documents may be realized on:

- (a) The bank with which the drawer does business.
- (b) When banks are in the interior, arrangements may be made with institutions in New York or elsewhere.
- (c) Financial concerns with interests in Latin America.
- (d) Dealers in commercial paper and negotiable documents.

Insurance—Marine—Pilferage— Damage—War

Its Importance. There are so many chances for damage to shipments to Latin America that all eventualities in this respect must be guarded against. By referring to page 121 it will be easily seen what the risks incurred are. Shipments must be handled so often and under such varying conditions that the matter of loss is a far more important factor than in the United States.

Possible Losses. The possibilities of loss are the following:

- (a) Destruction by sinking of vessel.
- (b) Damage to contents either before or after loading on vessel. This may be caused by leakage, by bilge water, or fire.
- (c) Robbery on board, while loading or unloading, in custom house, or in transit to the interior.
- (d) Breakage, due to carelessness in handling.
- (e) Loss by sinking of vessel because of attacks by enemy ships.

Responsibility Important. A policy for marine insurance is very explicit in its limitations. Only when a shipment is damaged as the result of an accident to the ship or loss caused by sinking of the vessel, can payment be enforced. If a ship takes fire or is damaged in collision, policies also are payable. A clear understanding of the provisions in a marine insurance policy should be had by the beginner.

Pilferage or Damage. One of the causes of frequent complaint, chiefly on account of bad packing, is from robbery. A study of the conditions of transportation makes this clear. Although cases are securely protected with iron strapping, or even sealed, losses nevertheless are possible. Insurance policies may be

T R A D I N G W I T H L A T I N A M E R I C A

obtained covering this eventuality. A small additional cost (almost without exception paid by the consignee) is fully justified.

Miscellaneous Damage. In addition to the possible losses already mentioned there are others. Damage while shipment is en route; breakage of cases and injury of contents because cargo has not been properly stowed; the too rapid descent of a sling into a lighter with its consequent scattering of contents; a sudden tropical rain before shipments can be placed in warehouse; a fall from the back of a cargador (freight handler); heavy dews or sudden rains while shipments are being carried into the interior.

War Risks. Insurance against the risks of war is ordinarily unknown. When, however, consignments are made to a region in which war is raging, insurance is necessary. The risks vary and the rates fluctuate in accordance therewith.

Various Policies. There are various policies under which insurance may be written. Frequently, the foreign buyer gives instructions that shipments are to be insured under his open policy. In that event notification is sent to agents of the company. Under other circumstances shipments may be insured under a separate policy for each. This, however, is not common.

Open Policies. One of the simplest methods of providing insurance is by this method. The procedure consists in furnishing to the company with whom the insurance is placed, the details relating to each shipment. Forms are generally supplied by the company and settlement for the sums due in each instance is made at regular intervals.

Handling Certificates. This is a matter of some importance. As the papers covering many shipments are negotiable, it is indispensable that the ownership, in case of loss of the shipment, be vested in the holder of the papers. For this reason the endorsement on certificates is made in blank and is forwarded with the

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IRVING NATIONAL BANK NEW YORK

other documents. This procedure simplifies matters in the event that a claim is necessary. (See specimen opposite.)

General Average. The theory on which marine insurance is based is very simple. The laws provide that the expense of saving a ship, which is in danger of sinking or destruction, shall be borne by the cargo which it contains. If a portion, or all of the freight, is lost or damaged, the loss is apportioned accordingly. In the event that any of it is saved, the value is deducted and the loss pro-rated accordingly. Steamship lines, unlike the common carriers in the United States, are not responsible for such losses. It is because of this fact that marine insurance is so necessary.

Free of Particular Average. When application is made for insurance it is essential to accede to a clause in the contract regarding Particular Average. This is essential because insurance companies will not pay claims for damage or partial loss if there is a clause reading "Free of Particular Average under Five Per Cent."

Obtaining Rates. The far-seeing manufacturer will endeavor to minimize every possible expense to his customer. A saving in marine insurance, or of the other kinds referred to, often may be made by obtaining quotations from a number of brokers or companies. Experience proves that the time and energy necessary are well expended.

Placing Insurance. Insurance is sometimes placed by freight forwarders. In other cases and under certain conditions, a manufacturer may become a sub-agent of a company by making arrangements with a general agency. Still other rates may be obtained through the list of insurance companies and brokers who are listed in the classified section of the New York Telephone Directory or business directory. Rates also may be obtained by correspondence between insurance agents in interior cities and those located in New York.

TRADING WITH LATIN AMERICA

Claims. There are two ways of making a claim in case of loss. One is to forward the necessary documents to the shipper. The second is for the holder of the papers to attend to the matter. In the latter case the documents are sent to the home office of the company, or through the nearest local agency. The papers required are the following: (a) the insurance certificate; this must be endorsed properly. (b) The original and any negotiable copies of the Bill of Lading; these also must be endorsed; (c) a memorandum of survey made by the local representative of Lloyds, London; (d) a properly executed instrument definitely transferring the ownership of the goods to the underwriting company.



Commercial Conditions in Mexico

The Republic of Mexico lies to the south and southeast of the United States. The general configuration of the Republic is such that with its mountains, plateaus, rivers and valleys, there is practically every kind of climate, from tropical to temperate.

Best Locations for Agencies. As a general rule, American houses who wish to canvass the Republic send travelling salesmen equipped with samples, who visit practically all parts of Mexico. Agencies rarely are granted for the entire country, inasmuch as the northern regions generally can be worked to better advantage from cities near our border. This especially is the case in Sonora. As a rule, Mexico City is first selected, while to the west Guadalajara, to the southeast Vera Cruz, to the northeast Monterey, and north, Torreon or Chihuahua, are chosen.

Best Routes. As a rule salesmen plan to enter by way of Eagle Pass, making the towns of Monterey and Saltillo and San Luis Potosi. It is optional whether to visit Guadalajara before or after going to Mexico City; likewise the other places. If the traveller has come in by Eagle Pass he frequently arranges to leave by way of El Paso and make the towns of Torreon, etc., including Chihuahua.

Best Time to Visit. This depends chiefly upon the particular business. Sometimes travellers prefer to go in the wet season, when the atmospheric conditions are very favorable for the large part of the day; still others prefer the dry. As a rule, the seasons are not so marked as in the United States.

Chief Resources. Agriculture, mining and cattle raising are the chief sources of Mexican wealth. Mining is especially important, but the raising of cattle for their hides also is an industry of no mean importance. In the hot lowlands, tropical products of all

TRADING WITH LATIN AMERICA

sorts are produced, including cacao, coffee, bananas, chicle, guayule, henequen, ixtle, etc. The timber production, including mahogany, is important.

Mineral Resources. Gold and silver are found in many parts of Mexico and have contributed greatly to the wealth of the country. Zinc, copper, lead, mercury and other minerals also are mined.

Inhabitants. The inhabitants of Mexico largely are Mestizos, but the upper class represents only a small proportion of the entire Mexican population, being about 2,000,000 to 3,000,000 out of 15,500,000. In the larger cities there are a great many Europeans, and in ordinary times, Americans.

Per Capita Imports. These are out of proportion to the enormous wealth of the country, being only \$6.90. It is reasonable to believe that with an era of peace, the imports will show a material advance.

Goods in Demand. Mexico is a good market for practically all American manufactures. When conditions are normal the buying power of the people is considerable, even of the peon class, to whom good wages are paid in certain industries, especially in the North.



Commercial Conditions in Central America

Countries Considered. This group includes the republics of Guatemala, Honduras, Salvador, Nicaragua, Costa Rica, and Panama. These countries lie immediately southeast of Mexico and offer a promising field for American commercial development. In the main, they are mountainous, but practically every kind of climate is represented. The needs of the people must be considered in relation to climate.

Locations for Agencies. The trade fields in the republic of Honduras and Nicaragua are sharply divided by the mountains in the interior. There is practically no communication except by horse or muleback, between the interior and the Atlantic Coast. This must be considered in granting agencies, as the cities on the east coast cannot be canvassed successfully from other parts of the Republic. Certain products may require local agencies in each of the countries. In that event the respective capitals may be chosen. Some manufacturers prefer to grant agencies to men in Panama, who make periodical trips to the other countries. San Jose, Costa Rica, or Guatemala are the locations of houses which operate throughout Central America. Less frequently the other capitals are selected.

Best Routes. The coast cities of Honduras and Nicaragua should be visited from New Orleans. Close proximity to this southern port of the United States gives the merchants of that city certain advantages. The other countries are canvassed by salesmen who travel either north or south along the Pacific Coast. They usually are expected to visit at least the following towns: In Panama (Atlantic Coast) Bocas del Toro, Colon and Panama; Nicaragua, Corinto, Leon, Managua, Granada; Salvador, Sonsonate and San Salvador. In Honduras, Amapala and Tegucigalpa; in Guatemala,

TRADING WITH LATIN AMERICA

Guatemala City and Quezaltenango. If the traveller has time, there are other important commercial cities whose volume of business is not so large, which may be visited to advantage.

Best Time for Visits. This depends largely upon the nature of the business. The most comfortable time in which to travel is the dry season, which roughly speaking, extends from November to April. Many firms find it advisable to visit the more important towns twice a year in order to obtain the business for Christmas and Easter supplies.

Chief Resources. Agricultural products contribute greatly to the wealth of these republics. The chief product is coffee. Second in importance is the banana. The latter is responsible for much of the wealth of the Republics of Honduras, Costa Rica, Panama and Guatemala. The growth of cacao is assuming constantly increasing importance. Other agricultural products are grown and are being developed. Sugar and indigo are produced. Cattle raising is growing in importance and many hides and skins are exported.

Mineral Resources. Gold and silver are found in the Republics of Salvador, Nicaragua, Honduras and Costa Rica. In the others, traces of these metals have been found, but mining has not assumed the importance which it enjoys in the republics mentioned, where the operations of mining companies contribute greatly to the national wealth.

Inhabitants. The inhabitants of Central America are chiefly Mestizos and Indians. The latter make up the largest portion of the population in the Republics of Guatemala, Salvador, Nicaragua and Honduras. In Costa Rica, the population is almost entirely Mestizos, the percentage of pure Indian blood being very small. In Panama and on the east coast of Nicaragua and Honduras there is very large representation of negro blood. This is due to the employment of negroes in the cultivation of the banana. Europeans and other foreigners are found in all the republics, but not in large numbers.

IRVING NATIONAL BANK NEW YORK

Per Capita Imports. These vary materially. Because of the large Indian population of Guatemala, the imports of that Republic are very much less than in Costa Rica. (See Statistics, page 166.) The character of the purchases also differs greatly. Costa Rica can consume many products which are not salable except in limited quantities in Honduras, Nicaragua and Guatemala.

Customs Duties on Samples. The regulations for assessment of customs duties on samples vary materially. Generally speaking, bond may be given for the withdrawal of the samples within a stated length of time. The regulations regarding samples and bonds in general, are fully treated in the pamphlet issued by the Department of Commerce. This is Tariff Series No. 35, entitled "Commercial Travellers and Salesmen in Latin America." (Government Printing Office, Washington, D. C., 5 cents.)

Goods in Demand. In many lines the markets are dominated by the United States. The European war created a market for American products which heretofore had been supplied by Europe. Practically every kind of article can be sold to a greater or lesser degree, and the sale is dependent upon the per capita wealth and buying power of the various Republics.



The West Indian Islands: Cuba, Santo Domingo, Haiti

General Relation. These republics, while not having much in common, may be considered as a unit from the geographical standpoint. Cuba is far more highly developed than either Santo Domingo or Haiti. Their climates, in the main, are very similar.

Locations for Agencies. In Cuba, Havana is generally selected as the city from which all points in the Island are canvassed. It is in easy communication with all the rest of the Republic. At the extreme other end, Santiago occasionally may be useful, particularly where business is highly developed. In Haiti, Port au Prince, the most important center, is chosen usually. In the main, the business of the Republic may easily be looked after from this point. In Santo Domingo, the city of San Domingo may be selected. Santiago or Puerto Plata also are chosen by certain manufacturers.

Best Routes. Havana is easily accessible from the Gulf ports, as well as from New York. Santo Domingo can be approached from New York, while there now is a steamship line which supplies service between the island and Porto Rico. In Cuba, a salesman practically may choose his own route. In Haiti and Santo Domingo this is influenced largely by the irregular sailing dates of steamship lines. Here the cost of travelling is high. The traveller must decide after visiting the capitals of Haiti and Santo Domingo whether it will pay him to visit other places as well.

Best Time for Visit. As in the case of Cuba, the winter is the most desirable time for travel. While the heat in the summer is great, it is not as oppressive as the heat in the Northern

IRVING NATIONAL BANK NEW YORK

United States. As far as business is concerned, this is influenced largely by the crops. While sugar is being ground, merchants usually are busy and aim to have well assorted stocks for that period. They also desire to provide themselves with good assortments for their Easter business and for the Christmas holidays. Travellers must arrange their trips in order to obtain the business sufficiently far in advance in order to insure shipments to meet these conditions.

Chief Resources. The chief sources of wealth in all of these Republics are agricultural. Cuba depends chiefly on sugar and tobacco, although the raising of fruits is growing in importance. In Santo Domingo and Haiti, a considerable portion of the products is made up of tobacco, cacao, cotton, etc. Other items of export are iron and copper ore, hardwoods, hides and skins, sponges, beeswax, logwood, etc.

Inhabitants. The inhabitants of these islands vary. In Cuba a very considerable portion of the population is colored, mulattos and blacks. The whites, however, are greatly in the majority. In Haiti, almost all the people are negroes, the percentage of foreigners being very small. In Santo Domingo there is a very large population that is of Spanish descent, and a smaller portion of African and Indian blood. In the latter country are many Syrian merchants.

Per Capita Imports. These vary materially. Cuba is the largest buyer of American goods among the Latin American countries. The poorer classes of Santo Domingo and Haiti are not able to purchase in the same proportion as the better paid Cubans. Cuba is an excellent, although highly competitive market for all kinds of goods.

Commercial Travellers' Licenses. These vary somewhat. The full details may be found in the pamphlet issued by the Government, known as "Commercial Travellers and Salesmen in Latin America."

TRADING WITH LATIN AMERICA

Customs Duties on Samples. The regulations regarding customs duties should be studied before the salesman takes his departure. In the case of Cuba, the regulations are particularly strict, it being necessary to advance the value of the duty on samples. If exported within a certain period, the money is returned. In the other countries, bond may be given. The details of these regulations are fully set forth in the pamphlet already cited.

Goods in Demand. These republics afford an excellent market for many lines of manufacture. Cuba can consume practically everything either of a staple or novelty nature. Santo Domingo and Haiti offer less desirable markets, but the staples for the common people make up an important share of the imports. The improving economic condition of the inhabitants of Santo Domingo will make that a better field for American manufacturers.



Commercial Conditions in Chile, Peru and Bolivia

General Remarks. This group of Republics lies in the western part of South America. They have much in common, and fundamental trade conditions, as well as physical characteristics, are fairly similar in each of the countries (especially in Peru and Bolivia). The climates represented cover a wide range, due principally to the great differences in altitude and to proximity to the equator. The length of Chile is so great that all climatic conditions are known.

Best Location for Agencies. Valparaiso and Santiago usually are considered together, being so near to each other. Many firms maintain houses in both cities. Agents are established in either place, but a good many find it desirable to locate in the port (Valparaiso) from which they easily can work north or south. For highly specialized lines requiring more than one central agency, Valdavia, in the south, and Iquique, in the north, are both important. In Peru the chief port is Callao, but agencies generally are located in Lima, which is but a few miles distant. The eastern half of Peru is extremely tropical and the port Iquitos must be approached from the Atlantic. Because of the magnificent distances in Peru, the respective claims of other centers also must be considered, particularly Arequipa, which is important commercially. Other cities are Trujillo and Cuzco. Bolivia, with its capital, La Paz, also must be given special consideration. A central agency may be established in La Paz, but because of the expense of travelling, the business conditions and outlook in other parts of the country must be seriously studied. Oruro is a headquarters for many important houses.

Commercial Conditions in Venezuela, Colombia, Ecuador

General Remarks. This group of republics lies in the northern part of South America. They have many features in common; their climates, physical characteristics, and general commercial position resemble each other very closely.

Best Locations for Agencies. One of the chief ports of Colombia is Cartagena. This is an important commercial center, but not quite so important as Barranquilla, which lies about sixteen miles from the Atlantic on the River Magdalena. For the Atlantic coast region, an agency may be established in Barranquilla, as firms there also frequently canvass the interior. The capital is Bogota, which likewise is important, being about a week's journey up the river and over the mountains. The Cauca Valley is very important, and Medillin often is selected for another agency.

The chief port of Venezuela is La Guayra, and the city of Caracas, the capital, usually offers the most promising place for an agency. Maracaibo likewise may be suggested because of its importance in the western region of Venezuela. In Ecuador, Guayaquil is the chief port and business point. It is here that agencies most frequently are established and the country is canvassed from this place. The City of Quito, about three hundred and twenty-five miles inland, also offers certain advantages. At scattered points there are other good places to work.

Best Time for Visit. The uplands of these republics are pleasant or cold all the time. The most enjoyable time at which to visit the other regions is from December to April. Consideration also should be given to the commercial requirements for the arrival of merchandise at the proper moment for sale, which is after harvest.

IRVING NATIONAL BANK NEW YORK

Chief Resources. In all three republics the chief dependence is placed upon agriculture. Because of the wide range of climates and altitudes, the variety is a very large one. In the case of all three republics, coffee and cacao are the most important items, but rubber, tobacco, ivory, nuts, and in Colombia, bananas, also are important items. Cattle raising offers particular advantages and there is a good business in the shipment of hides and other animal products. The mineral wealth contributes materially to the income of Colombia, and gold has been taken from the republic for many years. There are other minerals besides, and the resources in this respect are still in their infancy as regards development.

Miscellaneous Industries. In none of these countries has manufacturing assumed an important aspect. There are innumerable small plants to supply local needs, but manufacturing is not done on a very extensive scale. It is believed that the next few years will see the growth of small factories.

Inhabitants. The inhabitants of the three northern states mainly are Mestizos and Indians. In Ecuador the percentage of Indians is particularly large. In both Colombia and Venezuela there is a large number of Negroes.

Best Routes. The traveller whose territory covers these countries usually comes by way of Venezuela, visiting successively the port of La Guayra, then Caracas, then Maracaibo; later the ports of Colombia are considered, and thence the trip to the interior to Bogota. Frequently, travellers who do not object to hard travelling continue on to the Pacific Coast, leaving by the port of Buenaventura, then to Guayaquil, in Ecuador, and to the capital, Quito.

Per Capita Imports. These vary somewhat, being in the case of Ecuador about \$4.39; Colombia, about \$7.04, and Venezuela, \$5.42. They are comparatively low because the buying power of the vast majority of the people is limited to staples.

TRADING WITH LATIN AMERICA

Goods in Demand. All three republics show an increasing commerce with the United States, but one that is capable of still larger growth. In the main, staples particularly are required, but there is a good and growing business in articles of the nature of luxuries.



Commercial Conditions in Argentina, Brazil, Paraguay and Uruguay

General Remarks. This group represents the most important republics of South America. They are located in the east and southeastern part of the continent. Their physical characteristics vary greatly, but practically all sorts of climates again are represented, from the extremely tropical to the cold of Southern Argentina.

Best Locations for Agencies. In no other group of countries in Latin America is it so important to consider the proper division of territory. The distances, as a rule, are great. In the case of Brazil, three weeks sometimes are required for the delivery of mail from one part to another. The difference between North and South Brazil is marked, consequently the northern cities should not be included in the same territory as the southern. Naturally, Rio de Janeiro is of greatest importance. In the north, an important city is Para, in which an agency also may be established, likewise in Bahia. Besides these there are other important points, including Sao Paulo, which next to Rio, is the largest city in Brazil. Santos, the great coffee port, also is entitled to recognition.

Additional Places. In Argentina, agencies generally are established in Buenos Aires, and other parts of the republic are canvassed from that place. The important cities of Tucuman and Mendoza, in the west and northwest, have to be considered as distributing points, as do also Cordova, Rosario (for the northern part), and Bahia Blanca (for the southern and southwestern parts). Some American houses have found it advantageous to conduct their business in Uruguay and Paraguay from Buenos Aires, but in the case of Paraguay, the city of Asuncion may be made the general point of distribution. In Uruguay, there of course is Montevideo, which

TRADING WITH LATIN AMERICA

for general purposes also may be used. There are certain other cities, but an intensive study of the trade situation on the ground would be necessary in their consideration.

Best Routes. It generally is the custom for travellers who are given these countries of South America to work, to begin in Northern Brazil, visiting successively Para, Bahia, Pernambuco, and then Rio. From this point trips are made to the more important inland cities. Thence the journey is continued to Buenos Aires, and again trips must be made to the interior, depending upon the plans of the traveller. Montevideo, in Uruguay, or Asuncion, in Paraguay, are next in order, and may be successively canvassed. It is only a night's ride from Buenos Aires to Montevideo.

Best Time to Visit. Generally speaking, it is more agreeable to travel in the tropical part of Brazil in the months corresponding to our summer. In Argentina, the climate differences are less marked, as is also the case in the other republics. The needs of the particular trade or industry should be studied in order to determine the most strategic time at which to arrive.

Chief Resources. In the case of Brazil, coffee is of the first importance, rubber second. Other products are known and are coming into greater importance as items of export, including medicinal plants, cacao, cotton, etc. In Argentina, the chief products are cereals, and the business of second importance is meat packing and cattle raising; the plains of the Argentine lend themselves peculiarly to this industry. Manufacturing plants are growing in number, both in the Argentine and in Brazil. In Uruguay, the cattle industry and agriculture are the chief sources of wealth. Hides, skins, tallow, etc., are exported. Paraguay has a number of semi-tropical products, such as Paraguay Tea or Mate, hardwoods, quebracho extract, oranges, etc. The raising of wheat and cattle growing also are of importance.

Mineral Resources. There is no mining in Paraguay and very little in Uruguay. Brazil, however, has important diamond fields, while other deposits of minerals are known to exist,

IRVING NATIONAL BANK NEW YORK

including iron, coal and manganese, which are receiving attention. In Argentina, mining has assumed no importance, but a marked development may be expected in both of these countries.

Inhabitants. There is quite a difference in the character of the people in these various republics. In Brazil there is a very important colored strain, the color line not being sharply drawn. In Argentina the European nations have contributed materially to the population, particularly Italians and Spaniards. There is a very considerable Mestizo population which is largely of the better classes. Uruguay likewise has a large Mestizo population, although there is a considerable admixture of Europeans, especially Italians and Spaniards. In Paraguay, the people are mixed, and the number of Indians is large.

Per Capita Imports. In two of these countries the percentage of imports in relation to the population, is rather large, especially Argentina, of about \$51.93, and Uruguay, \$42.00. Paraguay is less, being about \$6.21, and Brazil, \$9.70.

Goods in Demand. The wealthy classes of these republics can afford to buy all luxuries, as well as the more staple products. Generally speaking, almost anything that can be exported finds a market in one or another of the regions of these republics.



Suggestions for an Export Library

Every business office should be equipped with the necessary atlases, guide books, shipping guides and works of reference. The following is a list of those which will prove very useful. Their cost is insignificant in proportion to the benefit obtained from their use. They will help to avoid errors, and consequent losses:

Harmsworth's *Atlas and Gazetteer*, or

Bartholomew's *Atlas of the World*.

(Any other good *Atlas*—Rand-McNally & Co., or Cram's for instance.)

Customs Tariffs of the World. Kelly Publishing Co., New York, \$5.50.

Exporters' Encyclopedia. The Exporters' Encyclopedia Co., New York, in connection with the *Exporters' Review*, \$10.00.

"*Exporting to Latin America*," by Ernest B. Filsinger. D. Appleton & Co., New York, \$3.25.

"*Export Register*" issued by Export Manufacturers of U. S., Inc., 149 Broadway, New York. Price \$12.00. The latter in the case of many merchants, shows the character of the goods bought, markets covered, department heads, buyers, etc.

"*Export Trade Directory*," American Exporter, 17 Battery Place, New York. \$7.00. Contains much important data, including names of resident buyers, export houses, freight forwarders, etc.

"*Mercantile Year Book and Directory of Exporters in England, Italy, etc.*" Edited by Walter Lindley Jones, F.R.G.S., Editor of "*The Mercantile Guardian*." Published by Lindley Jones & Brother, 16th and Helens Place, Bishopsgate, E. C., London. A directory of English and other European export merchants and commission houses. It also contains a list of the resident buyers in England, etc., of overseas importers.

IRVING NATIONAL BANK NEW YORK

"Ocean Traffic and Trade," B. Olney Hough. La Salle Extension University, Chicago, Ill. Dealing with ocean shipping in all its phases. \$2.50.

"Practical Exporting," B. Olney Hough. American Exporter, New York. \$6.00.

"Sheldon's Export Trade." Sheldon Publishing Co., New York. \$2.50. (List of Export Houses.)

"Shipping World Year Book," Effingham House, Arundel St., Strand, London. An English Guide which contains a valuable Port Directory. The conditions in all ports are fully described. It also contains the Tariffs of the World.

Additional Suggestions

In addition to the foregoing, the year books which are mentioned on page 9 will be found valuable. The publications of the National Foreign Trade Council (1 Hanover Square, New York), also are highly important. The many useful and valuable reports, pamphlets and books issued by the Government, also should be obtained. A list is furnished gratis upon application to the Superintendent of Documents, Government Printing Office, Washington, D. C.

Codes—Cable and Telegraphic

These are indispensable. Among the best known and most widely used are: Lieber's, A. B. C. 5th Edition, Western Union, Bentley's and Scott's. Dealers in codes are listed in the New York Telephone Book and City Directory.

"Don'ts" About Latin American Trade

Don't think that all Latin American countries are alike—they differ as night from day.

Don't think that all the republics have a tropical climate—remember that latitude and altitude make a big difference.

Don't forget that Latin America produces all the products of the temperate zone.

Don't judge the possibilities of Latin America by the map—the population is not in proportion to area.

Don't classify Latin Americans as savages—great numbers of the people are highly civilized and cultured.

Don't judge buying power by size—some of the smaller republics are the largest buyers.

Don't enter Latin American markets blindly—you'll pay dearly for carelessness.

Don't delude yourself into the belief that your foreign competitors are asleep—your experience will surprise you.

Don't think that "anything is good enough" for the Latin Americans—you'll find such idea very costly.

Don't neglect to learn the Latin American's viewpoint—always put yourself in his place.

Don't depend on one source of information only—there are many sources available.

Don't proceed blindly—you must adopt a definite policy.

Don't fail to consult specialists in foreign trade matters—you'll find their advice valuable.

Don't stint yourself in tools—an investment in reliable guides and books on export is a wise one.

Don't hesitate to spend time and money for investigations—it will be an economy in the long run.

IRVING NATIONAL BANK NEW YORK

Don't think your export business will run itself—it needs a head and fixed responsibility.

Don't interfere unnecessarily with the routine of your export department—if you do, you may expect mistakes.

Don't engage a representative just because he can speak Spanish—it takes something besides that to sell goods.

Don't grant agencies without considering the extent of territory—it takes time to properly work territory.

Don't fail to be explicit—your customer doesn't want to guess.

Don't neglect to quote C. I. F., if possible—the Latin American appreciates such quotations.

Don't burden the dealer with involved discounts—make them simple and easily understood.

Don't expect a man to know your language when you don't know his—use Spanish or Portuguese.

Don't send a catalog in English to a Spanish speaking country—consider how much you would like one in Russian.

Don't send your catalog indiscriminately—make sure that every one gets into the right hands.

Don't overlook the training of export salesmen—your European competitors find it pays.

Don't fail to use the metric system—most Latin Americans prefer it to others.

Don't neglect details—you'll be judged by the way you attend to them.

Don't forget that promptness is necessary—fines may be incurred if documents are delayed.

Don't be afraid of politeness—the Latin American appreciates courtesy.

Don't expect miracles—it takes time to develop an export trade.

IMPORTS

Latin American Imports from the three leading Commercial Countries

Countries	Total from All Countries			United Kingdom			France			United States		
	1913	1918	1913	1918	1913	1918	1913	1918	1913	1918	1918	1919
Mexico.....	\$97,886,159	\$107,000,000	\$12,950,047	\$4,787,226	\$9,168,978	\$1,635,929	\$48,643,778	\$97,788,736	\$131,451,901			
Guatemala.....	10,062,328	\$6,034,000	1,650,387	1,375,047	412,025	149,265	5,083,060	4,241,977	8,391,464			
El Salvador.....	6,132,545	6,142,707	1,003,848	1,388,060	418,111	2,491,146	5,032,074	5,033,932	5,034,418			
Honduras.....	6,132,678	15,800,000	712,750	305,230	148,280	243,000	3,447,074	5,033,932	7,691,928			
Nicaragua.....	5,770,006	5,929,803	1,150,611	665,613	400,775	151,324	4,503,808	6,694,497				
Costa Rica.....	8,778,487	11,397,000	1,303,187	263,946	391,681	63,122	4,515,871	2,100,273	4,920,724			
Panama.....	3,735,023	322,500,000	2,465,431	837,359	336,816	25,975	6,378,702	21,116,563	22,069,925			
Cuba.....	143,758,736	302,173,000	16,071,787	4,428,783	620,720	\$7,044,000	75,987,525	27,156,047	27,156,047			
Dominican Republic.....	9,272,278	19,736,152	730,191	529,351	274,318	99,084	5,769,061	16,119,713	18,740,756			
Haiti.....	8,100,125	111,000,000	1593,310	341,107	1817,335	1300,000	15,908,956	9,069,275	16,327,848			
North and Central American Republics.....	\$306,331,362	\$490,650,685	\$39,231,556	\$19,951,731	\$21,561,040	\$9,870,438	\$161,429,181	\$391,032,836	\$500,554,683			
Per cent of imports.....	100.00	100.00	12.81	4.07	7.04	2.01	52.70	79.70	79.70		
Argentina.....	\$408,711,986	\$482,981,535	\$126,955,980	\$120,561,505	\$36,933,537	\$25,040,885	\$60,171,867	\$105,104,548	\$155,988,390			
Bolivia.....	21,357,505	13,649,656	4,329,650	4,200,192	802,654	250,000	1,577,200	5,250,000	4,771,177			
Brazil.....	247,351,160	79,881,008	50,469,450	31,939,752	11,836,983	51,280,082	57,391,417	114,656,300				
Chile.....	120,274,001	169,167,034	36,109,218	29,727,640	6,623,264	5,037,314	20,059,158	66,404,300	53,471,688			
Colombia.....	28,535,800	37,728,059	5,837,400	4,408,600	11,827,360	7,625,500	10,546,409	24,143,646				
Ecuador.....	8,836,689	8,345,360	2,617,926	2,033,075	434,740	163,329	2,817,754	4,171,684	7,500,703			
Paraguay.....	7,876,337	4,970,385	2,254,312	976,070	520,985	55,925	473,678	700,595	894,271			
Peru.....	29,591,451	47,229,935	7,612,636	1,363,191	655,302	8,530,525	21,715,751	26,945,191				
Uruguay.....	\$50,666,000	60,168,540	\$5,500,000	11,983,583	\$5,400,000	2,261,140	\$8,000,000	16,193,451	31,419,691			
Venezuela.....	18,030,103	15,434,005	4,296,295	4,322,602	1,093,656	341,730	6,944,136	7,161,345	14,429,202			
South-American Republics.....	\$1,020,308,421	\$1,087,476,459	\$285,555,025	\$237,440,582	\$89,520,380	\$47,478,986	\$167,538,500	\$294,678,508	\$344,200,246			
Per cent of imports.....	100.00	100.00	21.98	21.83	8.77	4.37	16.42	27.10	27.10		
Total of the 20 Republics.....	\$1,326,639,783	\$1,578,127,144	\$324,786,581	\$247,392,313	\$111,081,429	\$37,349,425	\$228,922,681	\$685,711,344	\$934,754,929			
Per cent of imports.....	100.00	100.00	24.48	16.31	8.37	3.63	24.79	43.45	43.45		

* Approximate.

* Estimate.

EXPORTS

Latin American Exports to the three leading Commercial Countries

Countries	United Kingdom				France		United States		
	1913	1918	1913	1918	1913	1918	1913	1918	1919
Mexico.....	\$150,202,808	\$188,655,726	\$15,575,522	\$2,180,6313	\$3,575,509	\$3,008	\$116,017,854	\$168,643,427	\$148,926,376
Guatemala.....	14,449,926	11,319,000	1,600,029	1,624,800	21,268	50,000	8,011,685	8,923,354	12,115,066
Salvador.....	9,958,734	12,399,800	705,807	70,644	2,034,346	37,321	2,823,851	8,307,358	4,146,118
Honduras.....	3,360,254	15,800,000	15,467	276,100	1,500	26,855	2,869,188	5,205,086	7,415,088
Nicaragua.....	7,712,047	7,754,940	998,564	22,432	1,763,187	1,560,000	2,722,385	4,792,351	5,496,026
Costa Rica.....	10,452,553	11,000,000	4,364,436	1,637,069	96,665	150,000	8,967,146	8,967,239	6,581,789
Panama.....	5,383,027	9,700,000	65,024	402,472	15,776	15,776	4,801,608	8,735,403	7,386,029
Cuba.....	16,843,059	413,325,251	18,427,163	106,967,986	1,675,511	1,684,548	6,617,000	131,733,619	278,635,027
Dominican Republic.....	10,459,947	22,372,544	241,810	1,675,511	887,907	681,850	5,600,765	8,484,500	12,190,302
Haiti.....	11,315,559	10,000,000	800,000	87,957	5,000,000	12,500,000	11,000,000	6,756,509	9,703,147
North and Central American Republics.....	\$388,017,904	\$687,324,060	\$42,789,622	\$113,950,886	\$15,076,706	\$9,568,064	\$276,839,773	\$496,630,585	\$632,581,947
Per cent of exports.....	100.00	100.00	11.02	16.58	3.88	1.40	71.34	72.26
Argentina.....	\$68,999,410	\$773,756,777	\$205,114,257	\$6,580,981	\$109,072,731	\$22,207,965	\$228,386,215	\$169,165,401	\$169,165,401
Bolivia.....	36,651,390	71,219,012	29,634,231	17,085,213	1,783,017	11,935	218,195	451,032	2,434,750
Brazil.....	315,164,657	284,275,000	41,701,815	42,035,797	38,685,561	25,604,050	102,562,923	98,038,132	233,570,620
Chile.....	144,653,312	291,863,277	55,548,341	91,823,217	8,847,885	1,548,062	30,413,386	166,082,920	82,442,364
Colombia.....	34,315,800	26,034,003	5,586,000	18,075	707,900	450,000	18,841,800	24,723,035	42,911,409
Ecuador.....	15,739,367	13,364,774	1,620,092	949,487	5,382,352	5,222	10,121,834	8,966,435	1,031,414
Paraguay.....	5,442,001	5,954,081	1,158	12,583	33,068	287,655	3,843,728	140,275
Peru.....	44,409,610	97,196,635	16,539,110	30,745,539	1,566,495	66,806	14,741,639	34,423,025	33,111,352
Uruguay.....	65,142,000	101,749,397	12,500,000	31,060,821	11,300,000	20,230,432	2,972,222	35,533,216	50,433,828
Venezuela.....	29,453,788	19,813,217	2,207,738	3,255,682	9,958,044	1,943,311	8,475,531	11,937,224	32,110,785
South-American Republics.....	\$1,159,971,366	\$1,654,724,264	\$281,988,119	\$512,358,671	\$104,971,303	\$158,912,169	\$204,287,389	\$699,909,808	\$686,221,358
Per cent of exports.....	100.00	100.00	24.13	30.41	9.05	9.43	17.61	36.20
Total of the 20 Republics.....	\$1,547,089,270	\$2,372,048,324	\$324,777,741	\$626,309,557	\$120,048,000	\$168,470,233	\$481,157,162	\$1,106,540,398	\$1,318,863,806
Per cent of exports.....	100.00	100.00	20.98	26.40	7.75	7.10	31.09	46.65

^a Estimate.

TRADING WITH LATIN AMERICA

Commerce of the United States with Latin America FIVE MONTHS ENDING MAY 31, 1920

The tables of statistics on pages 166 and 167 show that the total commerce between the United States and the countries of Latin America in 1919 had a value of \$2,253,558,234. This was divided as follows: North and Central America, including West Indies, \$1,133,136,630; South America, \$1,120,421,604. Statistics for the first five months of 1920 indicate that this year probably will break all records. Imports in this period from Latin America amounted to \$816,278,117, and exports to \$575,553,621, or a total of \$1,391,831,738. If the trade should continue at this rate throughout the year, its 1920 value would be nearly \$3,350,000,000, an increase of approximately 50 per cent in twelve months.

	Imports from	Exports to	Total
Mexico.....	\$72,259,063	\$69,641,371	\$141,900,434
Guatemala.....	10,105,669	5,114,882	15,220,551
Salvador.....	5,912,937	3,642,270	9,555,207
Honduras.....	3,544,168	5,407,892	8,952,060
Nicaragua.....	3,996,117	4,651,541	8,647,658
Costa Rica.....	5,483,558	4,365,557	9,849,115
Panama.....	3,849,498	13,569,165	17,418,663
Cuba.....	336,356,388	199,796,828	536,153,216
Dominican Republic.....	13,725,920	21,868,726	35,594,646
Haiti.....	5,442,473	11,906,338	17,348,811
North and Central American Republics.....	\$460,675,791	\$339,984,570	\$800,640,361
Argentina.....	100,323,566	74,509,712	174,833,278
Bolivia.....	4,159,774	1,726,051	5,885,825
Brazil.....	104,521,711	57,178,134	161,697,845
Chile.....	53,755,575	20,115,007	73,870,582
Colombia.....	22,718,559	29,265,633	51,984,192
Ecuador.....	7,794,598	5,410,908	13,205,506
Paraguay.....	484,156	1,055,965	1,540,121
Peru.....	24,918,627	18,093,345	43,011,972
Uruguay.....	23,375,442	13,378,877	36,754,319
Venezuela.....	13,550,318	14,857,419	28,407,737
South American Republics...	\$355,602,326	\$235,589,051	\$591,191,377
Total Latin America.....	\$816,278,117	\$575,553,621	\$1,391,831,738

INDEX

PAGE	PAGE
Advertising—	Argentina—continued
Its principles and use.....106-109	European capital in.....31
Appreciated in Latin America 106	Foreign influences marked in 27
Assisting dealers in.....109	Monetary system of.....30
By motion pictures.....108	Values of foreign coins in.. 35
Campaigns must meet Latin American conditions 106	Argentine Year Book..... 9
Co-operation of foreign, agencies necessary 107	Arkell & Douglas..... 12
Display, on the increase.....108	Banking and Financial Conditions 29-34
Distinctions in, to be kept in mind 107	Understanding fundamentals. 29
Expert advice needed in..... 107	Underlying conditions 29
Freights, port charges, etc., must be considered in.... 107	General resources 29
In English useless..... 108	Monetary units 30
Must not bear American retail prices 108	Monetary systems 30
Not confined to newspapers. 107	Units of value..... 30
Outlook bright 106	General banking 30
Where names of, agencies can be found..... 107	Banking methods 31
Agents. See Special Agents 14, 20	Capital represented 31
Allotments, adopting a system of 7	Some figures 31
"American Commercial" 11	European banks 32
"American Exporter" 11, 12, 74	Banking methods 32
"American Industries" 11, 12	Other functions 32
American Manufacturers' Export Association 10, 40	War's effects 32
American Trading Co. 12	Sterling exchange 33
Argentina—	Very salable 33
Arbitration between United States and 14	Dollar exchange 33
Area and population..... 22	Savings effected 34
Cattle industry in..... 29	Branches of American banks 34
Climate of 24-25	See—Drafts and Acceptances 139-140
Commercial conditions in.159-161	Documents—Financial .134-137
General remarks 159	Documents—Forwarding and Collecting 137-139
Best locations in..... 159	Banks—
Additional places 159	As reference 94
Best routes 160	As sources of information.. 40
Best time to visit..... 160	Branches of American, in Latin-America 33, 34
Chief resources 160	Conducted by export houses. 71
Mineral resources 160	Co-operation of exporters and features of European trade methods 44
Inhabitants 161	European 32
Per capita imports..... 161	Generally prosperous 30
Goods in demand..... 161	Maintain foreign departments 13
	Of Europe represented manufacturers or steamship lines 32

INDEX

	PAGE		PAGE
<i>Banks—continued</i>		<i>Brasil—continued</i>	
Of Latin America will furnish lists of buyers.....	100	Mineral resources	160
<i>Banks, American, in Latin America</i>		Inhabitants	161
American trade	36-41	Per capita imports.....	161
General character	36	Goods in demand.....	161
Trade knowledge	36	European capital in.....	31
Documentation	36	Foreign influence marked..	27
Warehousing	36	Language in	95
Foreign trade	37	Monetary system of.....	30
Additional services	37	Preferential tariff in.....	118
Adaptation	37	Sending catalogues to.....	97
Credit conditions	37-41	Values of foreign coins in..	35
Foreign trade department of, furnishes information about export packing	120	<i>"Brazilian Year Book"</i>	9
<i>Barrett, John</i>	10	<i>British Honduras</i> , values of foreign coins in.....	35
<i>Bolivia</i> —		<i>Bureau of Foreign and Domestic Commerce</i>	18-20
Area and population.....	22	Activities	18
Climate of	24-25	Commerce reports	18
Commercial conditions in.....	153-155	Statistics	19
General remarks	153	Tariffs	19
Best location for agencies.	153	General information	19
Best routes	154	Special publications	19
Best time to visit.....	154	List of publications.....	19
Chief resources	154	Employment bureau	20
Miscellaneous industries ..	154	Branch offices of bureau....	20
Goods in demand.....	155	Aids American business men	13
Inhabitants	155	Aids in sale of American products	16
European capital in.....	31	Buyers' list obtainable through	101
Monetary system of.....	30	Co-operates with manufacturer in building trade...	15
Value of foreign coins in..	35	Co-operates with manufacturer in finding salesmen..	60
<i>Books</i> —		Furnishes information about packing	120
Miscellaenous	9	Investigation of tariffs by... ..	115
Of reference, helpful.....	9	Of greatest importance to commercial interests	9
See Publications		Publications of,	
Suggestions for export libraries	162, 163	19, 69, 105, 115, 116, 120	
<i>"Boot and Shoe Recorder," The</i>	12	Travellers' tax information from	69
<i>Bradstreet Co.</i>	40	<i>Business</i> —	
<i>Brasil</i> —		Compromising disputes in... ..	91
Area and population.....	22	Conduct of	6
Climate	24-25	Cost of doing.....	43
Commercial condition in, ..	159-161	Customs and methods of...	51-52
General remarks	159		
Best locations for agencies.	159		
Additional places	159		
Best routes	160		
Best time to visit.....	160		
Chief resources	160		

INDEX

PAGE	PAGE		
<i>Business—continued</i>			
Detriment to doing, with Latin America	139	<i>Buyers and Buying Conditions</i>	
Done on open account.....	76	continued	
Expedited by letters of introduction	62	Miscellaneous companies	50
In Latin America metric system in use in.....	81	Transportation companies ..	50
"Map habit" in, houses.....	9	Mercantile buildings	50-51
Men interested in trade journals	103	Mercantile buildings	50
Nationality should be considered in	81	Small town stores.....	51
Of export merchants.....	70	Latin American markets..	51
On more solid foundation on account of war.....	38	Customs and methods.....	51-52
Organization of	57	Business customs	51
Reports of Latin American, firms not difficult to obtain	39	Salesmen's methods	51
Standardizing the treatment of, in Latin America.....	119	Legal formalities	52
Taxes on, vary.....	65	Legal proceedings	52
Time necessary to establish volume of	42	Government contracts	52
Trade mark necessary in building up	79	See Catalogues, their publication and distribution.....	93-98
See Catalogues	93-98	Commercial conditions in Latin American Republics,	145-161
Correspondence	87-92	Correspondence	87-92
List of buyers.....	99-101	Mail order trade.....	110-114
Prices, terms and discounts	83-86	Prices, terms and discounts	83-86
<i>Buyers and Buying Conditions</i> 47-52		<i>Buyers' Guide</i>	105
Nationalities	47	<i>Buyers, list of</i>	99-101
Characteristics	47	Avoiding waste	99
The Latin American type... Latin American traits.....	47	Avoidable losses	99
The merchants	48	Preparing lists	99
Personal relations	48	Obtaining names	100
Miscellaneous suggestions.. Buying conditions	48	American consuls	101
Wholesale importers	49	Verifying names	101
Merchant agents	49	<i>Catalogues—Their preparation and distribution</i>	93-98
Importing retailers	49	Catalogues very important..	93
Small retailers	49	How catalogues serve.....	93
Importing agents	49	Catalogues inspire confidence	93
Other buyers	49	Giving references	93
Government business	49	Preparation of catalogue....	94
Public works	50	"Point of view"	94
Individuals	50	Frequent supplements advisable	94
Mining companies	50	Languages important	95
		Durability of catalogues.....	95
		Catalogue contents	95
		Details of description.....	95
		Weights, sizes and measurements	96
		Directions for use.....	96
		Illustrations important	96
		Coding catalogues	96

INDEX

	PAGE		PAGE
<i>Catalogues</i> —continued		<i>Chile</i> —	
Sales arguments	96	Area and population.....	22
Inaccurate descriptions	97	Climate of	24-25
Aids for importers.....	97	Commercial conditions in, 153-155	
Distribution of catalogues.....	97	General remarks	153
Shipping catalogues in bulk..	97	Best location for agencies. 153	
Duties on catalogues.....	97	Best routes	154
Correspondence with cata- logue	98	Best time to visit.....	154
Miscellaneous literature	98	Chief resources	154
<i>Catalogues</i> —		Miscellaneous industries	154
Failure to prepare, weakness of American manufacturer	45	Goods in demand.....	155
For mail order trade.....	111	Inhabitants	155
Greater efficiency should be striven for in.....	92	European capital in.....	31
In making way for repre- sentative	61	Foreign influence marked in	27
Prices and discounts should not be printed on.....	84	Monetary system of.....	30
Sent to consuls.....	17	Mail order business in, 110, 111	
<i>Central America</i> —		Values of foreign coins in.....	31
Republics of	22-28	<i>Class, Technical and Trade Journals</i>	103-104
Shipments to, forwarded by some steamship lines.....	126	Advertising rates of.....	104
Commercial conditions in, 147-149		As advertising mediums.....	103
Countries considered	147	Highly specialized	104
Locations for agencies.....	147	Increase in	103
Best routes	147	<i>Climate</i> —	
Best time for visits.....	148	Affects trade	6, 24
Chief resources	148	Chief divisions of	24
Mineral resources	148	Conditions of, vary in indi- vidual republics	24
Inhabitants	148	Consideration in shipping, 122, 125	
Per capita imports.....	149	In the South American re- publics	145-161
Commercial travellers' licenses	149	<i>Coast Houses</i> act as distribu- tors	49
Customs duties on samples	149	<i>Codes</i> —Cable and telegraphic..	163
Goods in demand.....	149	<i>Colombia</i> —	
<i>Chamber of Commerce</i> —		Area and population.....	22
Cleveland	11	Climate of	24-25
Detroit	11	Commercial conditions in, 156-158	
Los Angeles	11	General remarks	156
New York	11	Best locations for agencies	156
St. Louis	11	Best time for visits.....	156
San Francisco	11	Chief resources	157
United States	11, 15	Miscellaneous industries	157
<i>Chambers of Commerce</i> ,		Inhabitants	157
10, 11, 100, 120		Best routes	157
<i>Chicago Association of Com- merce</i>	11	Per capita imports.....	157
		Goods in demand.....	158
		European capital in.....	31
		Monetary system of.....	30
		Values of foreign coins in...	35

INDEX

PAGE		PAGE	
<i>Combination, Agencies, principle of operation</i>	56	<i>Commercial Travellers and Agents—continued</i>	
<i>Commerce, can be gauged.....</i>	19	Advertising assistance	68
Development of, through newspapers	11	Samples under bond.....	68
Growing between the United States and Latin America,		Technical details	68
	145-161	Clearance papers	68
Organizations aiding	10	Clearance information	69
Development of, in Central America	147	Travellers' taxes	69
"Commerce Reports"	18, 60	Travellers' routes	69
Investigation through One of the chief publications,	20	<i>Commercial Travellers and Agents, aided by export house branches</i>	72
	19, 60	Catalogues for	93-98
Supplements to	19	Licenses of, in Central America	149
Tariff laws in.....	19	Licenses of, in West Indies	151
<i>Commercial Attachés</i>	14	List of buyers for.....	99-101
Commercial possibilities	5	Routes, places and times for, to visit Latin America,	145-161
Practice, documents peculiar to	36	<i>Consular Aid, to Latin American countries</i>	94
"Commercial Travellers and Samples in Latin America"	69, 149, 151	Brought to bear to increase sales	45
"Commercial America"	11	<i>Consular Reports, special.....</i>	19
"Commercial Travellers and Agents	60-69	<i>Consul General, function of</i>	16
Direct agents	60	<i>Consuls General, consult Latin American about clearance invoices</i>	69
Finding salesmen	60	Consult Latin American about	133
What to exact.....	60	<i>Consuls, American</i>	15
Developing salesmen	61	Consult, about commercial problems	17
Preparatory efforts	61	Consult, about legal formalities	10
Equipment	61	Consult, about trade mark registration	52
Wardrobe	62	Consult, about travellers' taxes	80
Introductions	62	Data collected by, in "Commerce Reports"	69
Miscellaneous documents	62	Letters to, should be furnished salesmen	18
Other requirements	63	Tariff information from Latin American	62
Sample trunks	64	Correspondence	116
Customs preparations	64	Correspondence with Latin America	87-92
Travelling expenses	64	General character	87
Sales campaigns	65	Forms of letters.....	87
Salesman's functions	65	Translations	87
"Follow-up"	66		
Salesman's reports	66		
Consideration to salesmen...	66		
Local salesmen	67		
Employment of local agents.	67		
Arranging territory	67		
Precautions	67		
"Del Credere"	68		

INDEX

	PAGE		PAGE
<i>Correspondence—continued</i>		<i>Credit—continued</i>	
Technical terms	88	Import	136
Time for replies.....	88	In extending, export houses helpful	71
“Postage due”	88	Losses through lack of direct importation facilities	99
Circular and form letters..	88	Standing of importing retail- ers	49
The English language.....	89		
Good sales talk.....	89	<i>Cuba</i> , area and population....	23
Effective correspondence ..	89	Climate of	24
Technical descriptions	89	Commercial conditions	150, 152
Typists, stenographers	90	European capital in	31
Collecting accounts	90	Government of, requires in- voices to bear signature of owner-shipper	133
Collection methods	90	Monetary system of	30
Collection agencies	90	More highly developed	150
Compromising disputes	91	Shipments for, forwarded by steamship lines	126
Technical translations impor- tant	91	Values of foreign coins in	35
Obtaining translators	91		
General principles	91	<i>Cuban Regulations</i> regarding customs	152
Other aids	92		
Expense of translation.....	92	<i>Custom, European</i> , observed in the United States	138
<i>Costa Rica</i> , area and popula- tion	23	<i>Customs Laws</i>	73
Bananas source of wealth in ..	148	United States, clearance	131
Commercial conditions in, 147-149		Duties on samples in Central America	149
European capital in	31	Duties on samples in West Indies	152
Gold and silver mined in	148	<i>Daily Commerce Reports</i>	116
Imports in	149		
Inhabitants of	148	<i>Data</i> , valuable, from export journals	11
Mail order trade in	110	Contained in “Commerce Re- ports”	18
Monetary system of	30		
Values of foreign coins in ..	35	<i>Department of Commerce</i> , com- mercial attaches co-operate with	14
<i>Credit Conditions</i>	37-41	<i>Department of State</i> , extends useful service	13
Information available	37	Government letters furnished by	62
Changing conditions	38	List of consuls from	15
Foreign terms	38		
American terms	38	<i>Dispatching Shipments</i>	126-131
Credit conditions	39	Dispatching shipments	126, 127
Character of risks.....	39	Freight rates	127
Reports available	39	Miscellaneous aid	127
Nature of reports.....	40	Caution required	127
Sources of information.....	40	Express and parcel business, 128	
Salesmen's reports	40		
Open accounts	40		
Errors	41		
Government credit	41		
<i>Credit</i> , based on consignments	72		
Based on responsibility of component companies	55		
Bank	134		
Export	136		

INDEX

	PAGE		PAGE
<i>Dispatching Shipments</i> —continued		<i>Ecuador</i> —continued	
Fees charged	128	Commercial considerations in,	156-158
Ocean freight rates.....	128	General remarks	156
“Primage”	128	Best location for agencies	156
Rates for ocean freight....	129	Best time for visit.....	156
Minimum charges	129	Chief resources	157
Dispatching documents	129	Miscellaneous industries...	157
Economical routing	129	Inhabitants	157
Freight prepayment	130	Best routes	157
Forwarding, routine	130, 131	Per capita imports.....	157
<i>Documents</i> , financial	134-137	Goods in demand.....	158
Why important	134	European capital in.....	31
Bank credit	134	Monetary system of.....	30
Negotiable documents	134	Values of foreign coins in..	35
Documentary drafts	135	“ <i>El Arte Tipografico</i> ”.....	12
Clean drafts	135	“ <i>El Comercio</i> ”	11
Drafts “D A” and “D P”....	135	“ <i>El Grafico</i> ”	105
Presenting drafts	135	“ <i>El Ingeniero y Contratista</i> ”..	12
Acceptance charges	136	“ <i>El Mercurio</i> ”	105
“To Order” documents.....	136	“ <i>El Norte Americano</i> ,” The...	11
Export credits	136	<i>Employment Bureau</i> of the	
Import credits	136	Bureau of Foreign and Do-	
<i>Documentation for Shipments</i> ,	132-133	mestic Commerce	20
Proper invoicing	132	“ <i>Engineer and Contractor</i> ”....	12
Supplying details	132	“ <i>Export Agents</i> ”	53, 77
Requirements	132	Broker	70
Numbering and coding.....	133	“ <i>Export Business</i> , not a tempor-	
Signing invoices	133	ary expedient	42
Consular invoices	133	Of Europe, aided emigration	45
Consular requirements	133	See—	
<i>Documents</i> , forwarding and		Documentation for ship-	
collecting	137-138	ments	132-133
Drafts for discount.....	137	Dispatching shipments	126-131
Forwarding drafts	137	Documents, financial	134-137
Instructions with drafts	137	Documents, forwarding and	
Non-Payment	138	collecting	137-139
Special clauses	138	Filling orders, packing and	
Interest charges	138	shipping	119-125
Exchange	139	Commission houses and	
Commission charges	139	commission merchants, 70-78	
<i>Drafts and Acceptances</i>	139-140	<i>Export Commission Houses</i> and	
Drafts negotiable	139	export merchants	70-78
Where negotiable	140	Export commission houses..	70
“ <i>Dry Goods Economist</i> ,” The..	12	Distinctive functions	70
<i>Dun, R. G. & Co.</i>	12, 40	“Indents”	70
<i>Dun’s International Review</i>	11	Export “brokers”	70
<i>Ecuador</i> , area and population	23	Their services	71
Climate of	24-25		

INDEX

<i>PAGE</i>	<i>PAGE</i>
<i>Export Commission Houses—</i>	
continued	
Represents manufacturers ..	71
Other activities	71
Operations of export houses ..	72
Export house branches.....	72
Causes of growth.....	72
Methods of development....	73
Selecting export houses....	74
Definite arrangements	74
Assisting export houses.....	75
Preventing disagreements ..	75
Special adaptability	76
Resident buyers	76
Difficulties and complaint...	76
Export house difficulties...	76
Export agents	77
Their activities	77
Engaging export agents.....	77
Aiding agents	78
Salary arrangements	78
<i>See—Prices, terms and discounts</i>	83-86
<i>Export Corporations</i>	55
<i>Export Declaration</i>	127
<i>Export Department</i> , necessary to development of foreign trade	57
<i>Export Houses</i>	53,
<i>Export Houses</i> , lists of.....	57
<i>Export Manager</i>	74
Developing the	56,
Frequent conferences between, and executive advisable	58
Must have thorough knowledge of foreign trade conditions	59
<i>Export Manufacturers of the United States</i>	58
<i>Export Library</i> , an, Suggestions for	74
" <i>Export Monthly</i> ," The.....	162-163
<i>Export Office</i>	12
" <i>Export Register</i> "	56
" <i>Export Trade Directory</i> " ..	74, 162
" <i>Export World and Herald</i> "..	12
<i>Export and Foreign Trade Journals</i> —continued	
" <i>Exporting to Latin America</i> " ..	162
<i>Export and Foreign Trade Journals</i>	102-103
Advertising in	102-103
Appeal different from domestic trade paper	102
Large circulation in South American republics	102
Latin American trade influenced by	102
Special effort to serve advertisers	102
<i>Exporter</i> , close co-operation of, and banks feature of European trade	44
Difficulties which beset the..	7
Factors to be considered by..	26
Important considerations for the	120-121
Must be careful about documentation	134
Must declare weights.....	123-124
Should guard against over-extension of terms.....	43
<i>Exporters' Encyclopedia</i> , The, 15, 116, 120, 133, 162	
<i>Exporters' and Importers' Journal</i>	12
<i>Exporters' Review</i>	11
<i>Exports</i> , American, suffer through lack of knowledge, 45	
Cuba best market for.....	151
Dependent upon credit.....	40
<i>See—Filling orders, packing and marking</i>	119, 125
<i>Insurance</i>	141, 144
<i>Exports and Imports</i> , branches of American banks.....	34
Comparative figures	28
Increase in	27-28
<i>See—Commercial Conditions in Latin American Republics</i>	145-161
<i>Express Companies</i>	12, 69
As sources of information..	40
Forwarding departments of ..	126
Will quote ocean freight rates	129

INDEX

PAGE	PAGE
<i>Express and Parcel Business..</i> 128	<i>Foreign Trade Development,</i>
<i>Filling Orders, Packing and Marking</i> 119-125	specialty of modern banks, 37
Small orders important..... 119	Developed through prompt- ness
System 119	Agencies in New York equipped for
Promptness 119	107
Comply with, instructions..... 119	<i>Foreign Trade Organisations,</i>
Packing 120	10, 69
Packing information	<i>Freight Forwarding Companies,</i> 128
Important considerations	Rates high
Additional dangers	107
Packing for mule back..... 122	<i>Government Agents, export commission houses act as,</i> 71
Protection against moisture, 122	<i>Government Aid</i> 13
Waterproof cases	<i>Government Business</i> 49
Shapes and sizes..... 122	<i>Government Contracts</i> 52
Rust damage	<i>Government Stamped Paper, use of</i> 52
High tariffs	<i>Governmental Publications,</i>
Different goods	13, 80, 100
Correct weights	<i>Guatemala, area and popula- tion</i> 23
Weights required	Bananas source of wealth in
Useless packing	148
Prime materials	Commercial conditions in, 147-149
Miscellaneous "don'ts"	European capital in..... 31
Proper marking	Inhabitants of
Stenciling cases	148
Consecutive numbering	Imports in
Consigner's marks	149
<i>Foreign and American Trade Methods</i> 44-46	Monetary system of..... 30
European methods	Values of foreign coins in..
Special features	35
Emigration encouraged	<i>Haiti, area and population....</i> 23
Indifference detrimental	Commercial conditions in, 150-152
Expert knowledge	Climate of
American success	24
How trade is won..... 45	Language
Study of conditions..... 45	95
Sales territories	Monetary system of..... 30
Co-operation	Values of foreign coins in..
Market needs	35
Miscellaneous details	<i>Honduras, area and population,</i>
<i>Foreign Competition, analysis of</i> 116	Bananas source of wealth in
<i>Foreign Export Houses.....</i> 54	148
" <i>Foreign Publications for Ad- vertising American Goods"</i> 105	European capital in..... 31
<i>Foreign Trade Advisers.....</i> 13	Inhabitants of
<i>Foreign Trade Conditions, arti- cles of interest relating to, 12</i>	148
	Imports of
	149
	Gold and silver mined in....
	148
	Mail order trade in.....
	110
	Monetary system of.....
	30
	Should be visited by New Or- leans merchants.....
	147
	Values of foreign coins in..
	35

INDEX

	PAGE		PAGE	
<i>Importers</i> , advertising campaigns of	106	<i>Information</i> —continued		
Frequently order in small quantities	119	Sources of	40	
Foreign, establish credits with American banking houses	134	Through American Bureau of Foreign Commerce....	15	
Individuals as	50	Through American consuls, 10-52		
Instruction of, should be followed	119	Through foreign trade advisers	13	
Latin American, appreciate economical routing	129	Through magazines and trade journals	102	
Latin American, increasing	76	See—Buyers and Buying Conditions	47-50	
Shopkeepers dependent upon, for supplies	49			
Using parcels post.....	112			
Wholesale	49			
Of tools, machinery, etc....	50			
<i>Imports</i> , per capita imports in Southern republics	145-161			
<i>Importing Agents</i>	49			
Retailers	49			
<i>Indents</i>	70			
<i>Information</i> , about clearance..	69			
About packing	120			
By personal conference with consuls	18			
Concerning export commission houses	74			
From express companies, 12, 40,	69			
From governmental publications	13			
From steamship lines.....	69			
May be obtained from banks, 13				
No one source of.....	9			
Official sources of.....	9			
Pan American Union active in giving	10			
Procured from catalogues...	93			
Of confidential nature should not be exacted.....	16			
Regarding foreign buyers...	37			
Regarding foreign conditions,	37			
Regarding phases of commerce	19			
Regarding sale of products, 18				
Regarding tariff	115-118			
Regarding transportation ...	129			
		<i>Insurance, Marine, Pilferage, Damage, War</i>	141-144	
		Its importance	141	
		Possible losses	141	
		Responsibility important	141	
		Pilferage or damage.....	141	
		Miscellaneous damage	142	
		War risks	142	
		Various policies	142	
		Open policies	142	
		Handling certificates	142	
		General average	143	
		Free of particular average..	143	
		Obtaining rates	143	
		Placing insurance	143	
		Claims	144	
		<i>Insurance, parcel post</i>	113	
		<i>International High Commission</i>	15	80
		Confidential	13	
		Of foreign market, European methods of	44	
		Of risks should be made frequently	39	
		Of foreign tariff by Bureau of Foreign and Domestic Commerce	115	
		Show it safe to extend reasonable credit	39	
		<i>Investments</i> , aided by establishment of branches of American banks	34	
		By European nations.....	31	32
		<i>Journals</i> , See Classical, Technical and Trade.....	103-104	
		“Kelly’s Customs Tariff of the World”	116, 162	

INDEX

PAGE	PAGE
<i>"Kelly's Directory of the World"</i> 100	
<i>Latin America</i> , advantage of	
Federal Reserve Act in..33, 34	
Advertising appreciated in.. 106	
Aid given export commission houses resultful in..... 75	
Area and population..... 22	
Banking and financial conditions in	29
Banking methods employed by Europeans in..... 32	
Banking methods in..... 31	
Branches of American National Banks in..... 34	
Branches of export commission houses in..... 72	
American banks handling trade in	36
Cattle industry in..... 26, 157	
Capital represented in..... 31	
Climatic conditions in..... 24, 25	
Coins, United States currency in	35
Collecting accounts in..... 90	
Combination agencies in chief cities of	56
Commerce with	10
Credit conditions in..... 37	
Cuba largest buyer of American goods in..... 151	
Development of business in, through correspondence ..	87
Countries, directories of.... 20	
Customs and methods of...51-52	
Custom laws vary in..... 118	
Development of commerce with, through newspapers.	11
Development of export houses in	72
Documentation covering shipment intricate in.....	73
Export agents important to development of trade in..	
Factors deciding entrance into markets of..... 42	
Foreign influences in..... 27	
General banking in..... 30	
General resources of..... 29	
Hotel accommodations in... 65	
Immediate opportunities in. 27	
<i>Latin America</i> —continued	
Intensive work of foreign corporations in	12
Magazines devoted to trade with	11
Mail order trade in..... 110-144	
Markets of	51
Mercantile buildings of.... 50	
Merchants of	48
Metric system in use in..... 81	
Mineral wealth of..... 36	
Monetary systems in..... 30	
Monetary units in..... 30	
Mountains and rivers of... 25	
Natural resources of..... 25	
Newspapers of	104-105
People of, appreciate souvenirs	108
Rapidity changing conditions in	37
Republics of, lack capital... 29	
Small town stores of..... 51	
Trade condition in United States different from those of	80
Trade "Don'ts" about.... 164-165	
Trade must be taken seriously	42
Traits	47
Travellers' taxes source of trouble in	69
Types	47
Units of value in..... 30	
War's effects in..... 32, 38	
What it comprises..... 22	
<i>"La Hacienda"</i>	11
<i>"La Revista del Mundo"</i> 11	
<i>"La Revista Ilustrada"</i> 105	
<i>"Las Novedades"</i>	105
<i>Mail Order Trade</i> , accounts increased in Latin America by war	110
Advantages of, in Latin America	111
By parcel post should be covered by insurance..... 113	
Buyers vary	111

INDEX

	PAGE		PAGE
<i>Mail Order Trade</i> —continued		<i>Manufacturers</i> —continued	
Catalogues important to success of	111	European, quick to take advantage of opportunities..	32
Difficulties in, to be overcome	113	Exempting, from tariffs advantageous to America....	117
Disadvantages of, by parcel post	113	Export commission houses most efficient aids to.....	70
Further extension of, hastened	110	Export broker often retained by	70
In American goods in demand	110	Has assumed foreign markets could be forced to United States	45
In Honduras and Costa Rica	110	Individual effort of, European trade methods	44
Mexico promising field for..	110	Latin American criticism of letters of American.....	87
Obtaining names for.....	111	May co-operate with business organizations	57
Packing of, parcels.....	112	Must meet Latin American point of view.....	94, 97, 106
Problems	110	Necessary for, to decide upon policy before cataloguing..	93
Regulations of, by parcel post	114	Opportunities of the.....	25
Taxes on	112	Represented by European banks	32
Terms of	111	Represented by export commission house	71, 73
Usefulness of parcel post in	112	Sending samples	18
With consumer increased...	110	Serious effort of American, necessary to meet competitive conditions	85
<i>Magazines</i> —		Should be willing to conform	42
Their character	105	Should decide in advance manner of payment.....	41
Their readers	105	Should guard against leakage in mailing lists.....	99
Buyer's guides	105	Should lose no opportunity to demonstrate wares	81
<i>Magazines</i> , publish papers relating to commerce.....	11	Should not allow agent exclusive rights of solicitation..	54
<i>Manufacture</i> , opportunities in lines of	51	Should not write indiscriminately to consuls.....	101
Principle of allotment in....	7	Should refer inquiries to sales agents	75
<i>Manufacturers</i> , abuse of trademarks by thoughtless.....	80	Should submit prices for specified period	83
Advantage of European houses over American....	84	Should use service of Bureau of Foreign and Domestic commerce	18
Advisable for, to confer with visiting government officials	18		
American, handicaps trade by terms of credit.....	38-39		
American, served by local salesmen	67		
Character of salesmen reflects upon	67		
Complaint against American Employ combination travellers	83		
Enabled to establish efficient relations by means of Latin American agencies	53		
	56		

INDEX

PAGE	PAGE
<i>Manufacturers</i> —continued	
Some, ship only through export commission houses...	72
Study of tariff conditions by, necessary	117
Tariffs to protect.....	116
Will increase use of catalogue if wise.....	97
Will not seek to exploit Southern buyer	83
<i>Manufacturing</i> , adaptability ..	7
Developed by government in Chile	155
Plants growing in number in Argentina and Brazil.....	160
<i>Massachusetts State Industrial Commission</i> , Boston	11
<i>Mercantile Buildings</i>	50
<i>Mercantile Year Book</i>	162
<i>Merchant Agents</i>	49
<i>Merchants</i> , cause of dissen-sion between American shipping and Latin Ameri-can	138
Destroy opportunities of fel-low	8
In New Orleans have advan-tage in Nicaragua and Honduras	147
Of Latin America.....	48
Personal relations of	48
See Export Commission Houses and Export Mer-chants	70-78
<i>Merchants' Association of New York</i>	11
<i>Mestisos</i>	22
Large buyers	47
<i>Mexican Year Book</i>	9
<i>Mexico</i> , area and population...	23
Climate of	24-25
Commercial conditions in.	145-146
Best location for agencies	145
Best routes	145
Best time to visit.....	145
Chief resources	145
Mineral reserves	146
Inhabitants	146
Per capita imports.....	146
<i>Mexico</i> —continued	
Goods in demand.....	146
European capital in.....	31
Mail order trade in.....	110, 111
Values of foreign coins in..	35
<i>National Association of Credit Men</i>	40
<i>National Association of Manu-facturers</i>	10, 12, 40
<i>National Foreign Trade Coun-cil</i>	10
<i>Newspapers</i> , in Latin America,	
104-105	
Advertising rates	105
Analysis of readers of, neces-sary	104
As party organs.....	104
Differ from each other.....	104
In foreign languages.....	104
<i>Nicaragua</i> , area and popula-tion	23
European capital in.....	31
Gold and silver products of.	148
Inhabitants of	148
Imports in	149
Merchants from New Or-leans should visit.....	147
Monetary system	30
Values of foreign coins in..	35
See Commercial Conditions in Central America.....	147-149
<i>Organisation</i> , highly special-ized, feature of European trade methods	44
Of export commission houses	72
" <i>Official Post Office Guide</i> "..	114
" <i>Packing for Export</i> ".....	120-125
<i>Panama</i> , area and population.	23
Climate of	24
Bananas source of wealth in	148
Inhabitants of	148
Monetary system of.....	30
Values of foreign coins in..	35
See—Commercial Conditions in Central America.....	147-149
<i>Pan American Bulletin</i> , the...	11
Bureau	100
Financial congress	15, 29
Magazine, the	11
Union	10, 11

INDEX

<i>PAGE</i>	<i>PAGE</i>		
<i>Paraguay, area and population</i>	23	<i>Prices, Terms and Discounts—</i>	
Climate of	25	<i>continued</i>	
Commercial conditions in.	159-161	Separate quotations	84
General remarks	159	Retail prices	84
Best locations for agencies ..	159	European quotations	84
Additional places	159	“F. O. B.” quotations.....	85
Best routes	160	“F. A. S.” quotations	85
Best time to visit.....	160	“C. I. F.” quotations	85
Chief resources	160	“C. I. F. & E.” quotations...	86
Mineral resources	160		
Inhabitants	161	<i>Product of equal adaptability to</i>	
Per capita imports.....	161	<i>all markets handicapped..</i>	76
Goods in demand.....	161		
European capital in.....	31	<i>Products, agricultural</i>	25
Monetary system of.....	30		
Values of foreign coins in..	35	<i>Products, American—</i>	
<i>Parcel Post</i>	112-114	Advertising campaign to in-	
<i>Passport</i>	69	crease sale of.....	106
<i>Peabody, Henry W., & Co.</i>	12	Chile, Peru and Bolivia con-	
<i>Peru, area and population....</i>	23	stitute growing market for,	155
Climate of	24-25	Information regarding sale	
Commercial conditions in.	153-155	of	16, 18
General remarks	153	Merchants need	72
Best location for agencies ..	153	Marketing, influenced by tar-	
Best routes	154	iffs	115
Best time to visit.....	154	Marketing of	37
Chief resources	154	War created a demand for..	149
Miscellaneous industries ..	154		
Goods in demand.....	155	<i>Public Works</i>	50
Inhabitants	155		
European capital in.....	31	<i>Publications—</i>	
Monetary system of.....	30	Books of reference.....	9
Values of foreign coins in..	35	Classical, technical and trade	
<i>Philadelphia Commercial Mu-</i>		journals	103-104
<i>seum</i>	10, 11, 12, 40	Export journals	11
<i>“Pictorial Review,” the....</i>	11, 105	Export library, suggestions	
<i>Pittsburgh Foreign Trade Com-</i>		for an	162-163
<i>mmission</i>	11	Governmental	13
<i>Porto Rico, shipments for, for-</i>		House organs	12
<i>warded by steamship lines</i>	126	Latin American newspapers	
American colony	22	104-105	
<i>Postage, should be prepaid....</i>	17	Magazines	11
<i>“Primate”</i>	128	Miscellaneous	105
<i>Prices for technical correspon-</i>		Special, of the Bureau of	
<i>dence</i>	92	Foreign and Domestic	
<i>Prices, Terms and Discounts.</i>	83-86	Commerce	19
Clearness important	83	Trade papers	12
Attractive prices	83	<i>“Registration of Trade Marks</i>	
Definite acceptance period..	83	<i>in Latin America”.....</i>	80
Discounts important	84	<i>“Review of the River Plate,”</i>	
		<i>the</i>	12
		<i>Sales—</i>	
		Europeans employ consular	
		aid to increase.....	45
		Policies adapted to needs...	46
		Territories	46

INDEX

	PAGE		PAGE
<i>Sales Plans—</i>		<i>Sales Plans—continued</i>	
Factors influencing them	42-43	Travellers' routes	69
Important factors	42	See—Advertising	106-109
Complying with instructions	42	Catalogues, their preparation and distribution	93-98
Patience necessary	42	Customs and methods	51-52
Meeting conditions	42	Correspondence	87-92
Adaptations	42	Buyers, list of	99-101
Granting terms	43	Tariffs	115-118
Buying power	43		
Making changes	43		
<i>Sales Plans—</i>		<i>Santo Domingo—</i>	
Factors influencing them, ad- vantages of combination salesmen	54	Area and population	23
Arranging territory of local agents	67	Climate of	24
Calculating expenses of com- bination agencies	56	Commercial conditions in	150-152
Combinations as shown by passage of Webb Bill	55	General relations	150
Combination representatives	54	Locations for agencies	150
Combination travellers	53	Best routes	150
Consideration of salesmen	66	Best time to visit	150
Consular aid to	17	Chief resources	151
Developing salesmen	61	Inhabitants	151
Documents to prove authority	62	Per capita imports	151
Employment of local agents, how obtained	67	Commercial travellers' li- censes	151
Equipment of salesmen	61	Customs duties on samples	152
Finding salesmen	60	Goods in demand	152
Functions of salesmen	65	Monetary system of	30
General agents	53	Values of foreign coins in	35
Kindred lines	54		
Letters of introduction expe- dite business	62	<i>Salvador—</i>	
Letters to officials of Latin American boards of trade helpful	63	Area and population	23
Local salesmen	67	European capital in	31
Necessary to furnish sales- men with sufficient quanti- ty of money	63	Gold and silver mined in	148
Possible effect of tariff upon	116	Inhabitants of	148
Of export houses	75	Monetary system of	30
Preparatory salesmen	61	Surtaxes in	112
Price lists, catalogues, etc., necessary part of sales- men's equipment	63, 75	Values of foreign coins in	35
Sales campaign	65		
Samples under bond	68	<i>Samples—</i>	
		Customs duties on, in Central America	149
		Customs duties on, in West Indies	152
		Sent by mail develops busi- ness	113
		Sent to American customers	14
		Sent to consuls	18
		Under bond	68
		<i>Sell, How to . . .</i>	53-57
		Many methods	53
		How to sell	53
		Travelling salesmen	53
		Local agents	53
		General agents	53

